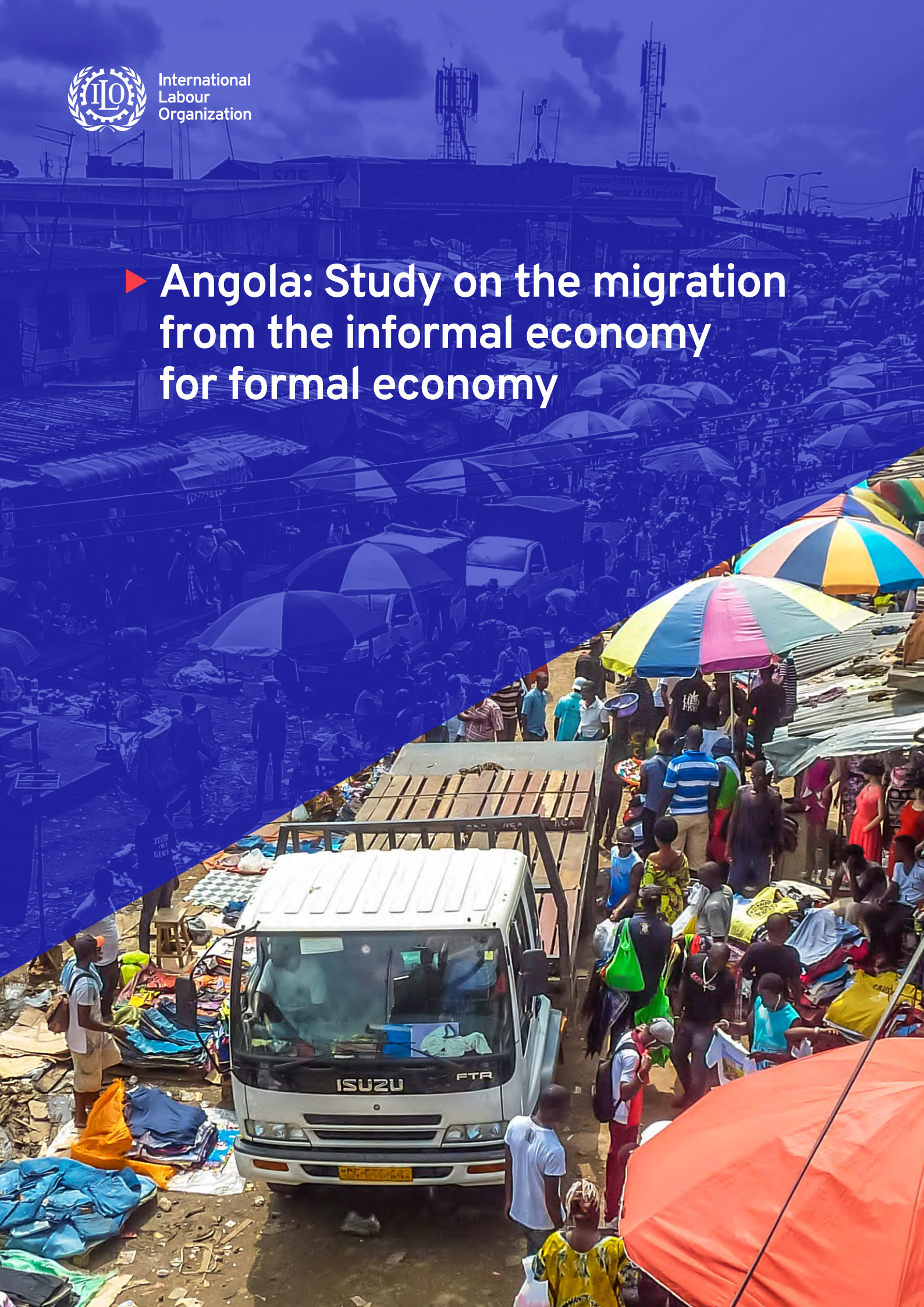




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► Angola: Study on the migration from the informal economy for formal economy



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► Preface

In order to tackle the difficult economic situation that the country is experiencing, the Government of Angola has adopted a strategy aimed at diversifying the economy and promoting the production of exportable goods and services. This strategy calls on the private sector and private companies to play a decisive role in achieving this objective by designing and implementing innovative and competitive investment projects.

The transition from the informal to the formal economy is one of the main areas of focus in Angola's Decent Work Country Programme.

The Angolan Chamber of Commerce and Industry (CCIA) intends to play a leading role in this area by creating a vital partnership with the government with the aim of boosting economic growth and development by promoting competitive businesses and influencing public policy.

Its main mission is to support the development of private sector enterprises and to represent their interests before public authorities, trade unions and development partners.

For several years now, the fall in the price of raw materials and successive socio-political crises in Angola have generated a range of adverse effects, most notably the decay of the industrial landscape, an increase in unemployment and the failure of its economic diversification policy.

This situation has resulted in the consolidation of the informal sector, which today accounts for more than 80% of the country's economic activities in the various sectors of its economy. The informal sector, like other economic sectors, has suffered considerably from the consequences of the COVID-19 pandemic.

With the help of this study, the CCIA is seeking to harness the informal sector's potential by implementing a strategy to enable the gradual transition from the informal to the formal economy.

This is where the ILO Bureau for Employers' Activities (ACTEMP) has been able to provide its support. The goal of this study is to enable the CCIA to increase the knowledge we have regarding the informal economy in Angola, helping it not only to enhance the services it provides to its members in order to strengthen their position in the market, but also to develop new services and initiatives to foster relations between enterprises to create an environment where the smallest enterprises in the informal economy can migrate to the modern economy, enlarging the CCIA's potential membership base in the process.

Several ACTEMP colleagues have been involved in the development of this report, in particular Samuel Asfaha (Africa Desk Officer), María Ángeles Palmi Reig (Communications Officer) and Lassina Traoré (Senior Technical Specialist for Employers' Activities in Central Africa). I thank them all for their contributions. I also thank the leadership of the Angolan Chamber of Commerce and Industry for their commitment.

Finally, I would like to thank Mr Carlos M. Lopes, the author of this important piece of research, which will increase our knowledge of the informal economy in Angola and support the development and implementation of relevant public policies.

Deborah France-Massin

Director

Bureau for Employers' Activities,

ACT/EMP



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► Executive summary

The aim of this project is to provide an overview of informality in Angola to support the development of a plan to help informal enterprises migrate to the formal economy with the assistance of employers' associations, in particular the Angolan Chamber of Commerce and Industry (CCIA).

This report provides updated information on the size and relative importance of the informal economy in Angola and identifies the most relevant sectors and segments in that regard, as well as exploring the dynamics of the informal economy in Angola and the way in which the formal and informal economies coexist and influence one another. Special attention has been paid to the Angolan government's efforts to regulate the informal economy, recently embodied in the development of its National Strategy for the Transition from the Informal Economy to the Formal Economy and its implementation plan; the impact of the COVID-19 pandemic on informal activities and the living conditions of informal operators; and the relationship between the productivity of formal and informal economic units and how it affects potential economic growth in Angola.

A set of methodological processes and procedures were defined to achieve the objectives of this project, including a literature review, statistical data collection supported by the Angolan National Statistics Institute (INE) and other sources, interviews with key informants and discussion groups with employers' associations and informal operators.

We encountered a series of obstacles that required us to adapt the method, which irredeemably affected the achievement of one of the envisaged outcomes: the determination of an econometric model to provide an insight into the influence of formal and informal productivity and economic growth. The restrictions on movement and physical proximity imposed as part of the fight against COVID-19 prevented us from travelling to the three provinces selected for study and led to a lower response rate and level of collaboration with government institutions and employers' associations. The method was adjusted to allow the possibility of in-person and socially distanced meetings as well as the receipt of responses via email.

To compensate for the inability to access INE data, we carried out two surveys. The purpose of the first survey, which involved 75 formal and informal units, was to support econometric modelling. Despite the efforts and repeated appeals of CCIA officials to the organization's members, the number of responses received from those enterprises was decidedly insufficient. The data were heavily skewed by the imbalance in the number of responses received from informal units and formal units and responses from units located in Luanda and those located in Benguela. This option was therefore discarded and we decided to use only the information collected with the help of descriptive statistics, univariate analysis and cross-tabulation.

A second survey was carried out with 48 workers in markets in the Golfe and Quifica areas of the city. The aim of this survey was to understand the effects of measures adopted during the states of emergency and disaster (which had been declared as a result of the COVID-19 pandemic) on the work, incomes and living conditions of operators in two informal markets in Luanda.

Despite the obstacles faced, the study allowed us to draw a series of conclusions in the following areas:

- the size (according to the most recent INE data, in 2020, 80.8% of Angolans obtained income from informal employment) and cross-cutting nature of informal activities, which are particularly prevalent in agriculture, wholesale and retail trade, passenger transportation and the provision of services;
- the strong presence of a currency trading segment in which informality is closely interconnected with illegal activities;
- views held by employers' associations regarding the damaging effects of unfair competition and the negative effects generated by informal activities;
- a difference in productivity that disadvantages informal units (as a general rule, this figure corresponds to 50–60% of the productivity of formal units with the same characteristics);
- a more proactive attitude from the Angola government towards formalization thanks to the approval of the National Strategy for the Transition from the Informal Economy to the Formal Economy and its implementation plan, as well as the Informal Economy Conversion Programme;
- the impact of restrictions on informal activities, leading to temporary suspension of activities, reduced working days and hours and fewer clients as a result of restrictions on movement.

► Introduction

It is widely accepted that the informal economy in Angola is substantial in size and present in many sectors. There is also increasing agreement on the existence of a connection between the formal and informal economies (including that the two are somewhat interdependent and share synergies) and on the increasingly significant presence of elements of “informalization” within the formal economy. It is difficult to weigh up the positive and negative effects resulting from this relationship. It is clear that the informal economy plays an important role in mitigating poverty and unemployment and has a positive influence on economic and social inclusion and the development of skills.

However, as highlighted by Mosca (2010), there are a range of concerning factors relating to mechanisms that reproduce the production and labour relationships that create inefficiencies and inequalities. These include inefficiencies; market distortions; unequal competition between the formal economy and informal economy; losses of efficiency in institutional operations; the cost of the “informalization” of organizations; barriers to modernization among economic agents; non-payment of taxes and violation of laws; reduced scale and capacity for saving and investment; unscrupulous relationships between politics and business; the creation of unequal opportunities among citizens; and the contamination of the formal economy by the culture and habits associated with informality.

In general, formality may be defined as participation in social and governmental institutions through the payment of taxes, registration with the authorities and other attributes (Maloney 2004). Formality provides a range of benefits. The extension of formality may increase the capacity of enterprises to establish ownership rights over their investments, reducing the risk of incurring penalties during government inspection activities. It also creates an incentive to operate from fixed rather than temporary premises (De Soto 1989). Formality may also be a requirement for accessing formal credit markets or state-provided business development services. Various authors have suggested that an enterprise’s inability to formalize has an adverse impact on its performance, which creates a positive and significant effect on the performance and productivity of enterprises while informal enterprises are hampered by their “informal” status.

The issue of formalization (integrating the informal economy into formal processes) is therefore a relevant and unavoidable issue that must be considered in plans for Angola’s short- and long-term development.



► Defining and contextualizing the informal economy in Angola

1.1 Informality: developments, definitions and perspectives

One of the most difficult problems that emerges when studying the informal economy is how to define it. This is primarily down to the emergence of a wide range of different descriptions that do not describe exactly the same concept and that have been used in the literature and in the media inappropriately and without due contextualization. Some of the terms used include parallel economy, irregular economy, second economy, black economy, shadow economy, undeclared economy, underground economy and clandestine economy. One possible definition combines the two criteria of the registration of economic agents and the nature of the activities that they carry out. Under this approach, informal activities could be defined as activities carried out by economic agents who engage in lawful activities but who do not – partially or fully – meet the criterion of registration, which encompasses all tax, labour and administrative obligations, among others. Illegal activities can be described as those carried out by illicit agents engaging in activities prohibited by law. This includes the illegal currency trading market in Angola, since only actors such as banks and bureaux de change are permitted by law to engage in foreign exchange activities. Undeclared activities are unlawful activities carried out by economic agents who are registered with the authorities. The problem with this classification process is that the boundaries between the different segments are not clear and some economic agents carry out several different activities at once. Furthermore, an economic agent may move between different segments while they are economically active. It is therefore difficult and complicated to measure unofficial activities. The ILO makes a distinction between employment in the informal sector and informal employment. Employment in the informal sector is defined on the basis of the enterprise in question and the characteristics of the place of work, while informal employment is defined in terms of the employment relationship and the associated protections granted to the worker in connection with their work. In its broadest sense, the ILO's interpretation of informal employment¹ has both an entrepreneurial dimension and a labour dimension and views the informal economy in terms of the characteristics of the workplace. From this perspective, it is possible to identify its different constituent components: unwaged workers, including employers (who may be owners or owner-operators of informal enterprises), self-employed workers (in addition to own-account workers, this category includes heads of family businesses and relatives who provide unremunerated work) and certain groups of waged workers (employees of informal enterprises, domestic workers, casual workers without fixed employment, temporary and part-time workers, home-based workers and un-registered workers at formal enterprises).

According to international recommendations, the informal sector is defined as a group of units engaged in the production of non-agricultural goods and/or services that are managed by individuals who work as employers or own-account workers as their primary or secondary occupation. These units generally do not have tax identification numbers (NIF, from the Portuguese *número de identificação fiscal*) or complete and organized accounts.

¹ Informal employment: refers to individuals aged 15 years or over employed in the private sector, cooperatives, associations, churches or nongovernmental organizations (NGOs) or working on their own and fall into one of the following categories: i) Working under written contract; ii) Working in any unit producing goods or services that is not registered with the public authorities; and/or iii) Not entitled to social benefits (e.g. annual paid holidays, health insurance).

1.2 Angola: a brief overview

Angola covers a large area and has a long coastline and central plateau. It is located at the intersection of central and southern Africa and its territory extends across much of southern Africa, bordering Namibia, Botswana, Zambia and the Democratic Republic of Congo. Angola's population is booming, with an estimated fertility rate of 5.56 births per woman, but unbalanced in terms of demographics. It has a population of over 30 million (2018) and the third highest population growth rate in Africa. According to World Bank data, in 2018 its GNI per capita was US\$ 3,370, a 5.3% decline since the previous reporting period (<https://www.worldbank.org/en/country/angola>).

The state is a member of the **Southern African Development Community (SADC)** and the **Community of Portuguese Language Countries (CPLP)**. It is sub-Saharan Africa's second largest exporter of oil and third greatest economic power after Nigeria and South Africa, with an estimated GDP of US\$ 124 billion in 2017.

As a result of the country's undeniable progress since the end of its civil war, Angola has transitioned from its status as a least developed country with a centralized economy to a middle-income country (according to World Bank criteria) with a market economy. In 2017, the United Nations General Assembly approved Angola's transition to the group of middle-income countries by 2020.

1.2.1 Population

Angola's sociodemographic characteristics can be identified using data obtained from the Survey on Expenses, Income and Employment in Angola (IDREA 2018–2019) covering the period March 2018 to February 2019.

1.2.1.1 Labour force and labour force participation rate

The labour force (employed and unemployed individuals aged 15 years and over) was estimated at 13,651,042 people, of which 6,636,561 were men and 7,014,481 were women. The labour force participation rate among the population aged 15 and over was estimated at 86.9% overall, 90.7% in rural areas and 84.6% in urban areas. The labour force participation rate among men is slightly higher than among women in nearly all age groups.

1.2.1.2 Population in employment and employment rate

The population in employment was estimated at 9,690,373 individuals, of which 4,819,435 were men and 4,870,937 were women. The employment rate among the population aged 15 and over was 61.7% overall, 64.2% among men and 59.3% among women. The rural employment rate is 75.2% and the urban employment rate is 53.8%, a difference of 21.4 percentage points.

1.2.1.3 Employment and economic activity

The agriculture, animal husbandry, hunting, forestry and fishing sector employs the highest number of workers (4,455,516 individuals), representing 46.0% of employees, followed by the service sector (4,367,031 individuals or 45.1% of employees) and industry, construction, energy and water (785,863 individuals or 8.1% of employees). Women make up 51.4% of individuals employed in the agriculture, animal husbandry, hunting, forestry and fishing sector. Nearly half of all people in employment (48.3%) work on their own account (with or without employees) and 18.5% work in the private sector.

1.2.2 Social and economic performance

The Angolan economy – the third largest economy in sub-Saharan Africa in 2018 after Nigeria and South Africa – is largely bolstered by its oil industry, which makes up third of its GDP and 95% of its exports. The economy enjoyed stable growth until 2014, when the sustained fall in global oil prices seriously hit its economic performance. This resulted in a huge budget deficit and foreign currency shortages, leading to severe depreciation in the exchange rate and increases in the cost of living. Between 2014 and 2019, the real GDP growth rate fell from 4.8% to -1.5%. Negative growth was observed over consecutive years from 2016 to 2019: -2.6% in 2016, -0.2% in 2017, -1.2% in 2018 and -1.5% in 2019. The economy was forecasted to improve after this point, with a projected real growth rate of 2.8% for 2020; however, the negative impact of the COVID-19 pandemic on global economic activity and oil prices led to a projected growth of -1.4% in 2020. Inflation also rose from 7.3% in 2014 to a peak of 30.7% in 2016 before falling to 17.1% in 2019, and it is projected to hit 20.7% by the end of 2020. The data below give an insight into Angola's key economic indicators in recent years prior to the COVID-19 pandemic.

1.2.2.1 Overview of key economic and social indicators

Angola continues to face significant structural imbalances in its economy. The main challenges centres around its dependency on petroleum, which represents a third of its GDP and 97% of its exports. Against this backdrop, the extended decline in the international crude oil price since mid-2014 has had an immediate and significant impact on the entire Angolan economy, leading to its contraction and the erosion of fiscal and external buffers. Economic diversification is clearly the greatest challenge facing the Angolan economy. A simplified legal framework and fiscal incentives have been developed to attract external capital in order to achieve that aim. In early 2018, the Angolan government launched the Programme to Support National Production, Export Diversification and Import Substitution (PRODESI) with the support of the World Bank. The programme was later integrated into the National Development Plan 2018–22.

The government has sought to confront its economic challenges in recent years by developing a range of reform strategies and programmes aiming at maintaining macroeconomic stability and addressing the pockets of the population living in poverty and without access to basic services through restrictive monetary policies and an inclusive development programme.

As a result of the crisis, public debt increased by nearly 30 percentage points between 2014 (41% of GDP) and 2018 (estimated at 73%). This figure now exceeds 100%. Although this level of debt is high and vulnerable, it is sustainable according to IMF specialists. However, a significant portion of the budget is absorbed by debt service. New fiscal measures have been announced, such as the end of some subsidies (for electricity and water) and others have been implemented, including a new customs procedure and the introduction of VAT. However, the government has requested financial aid from the IMF.

Country data show that Angola has made some substantial economic and political progress over the last three years and since the end of the war in 2002 (African Economic Outlook 2020). The government has carried out a series of important reforms since 2017, including the adoption of a law on preventing and combating money laundering and a law on privatization, the creation of a one-stop shop for investors that has improved the business environment and the establishment of a social protection register to protect those most vulnerable to the reforms. The most notable outcomes of these reforms include the entry of Eurobónus into the Angolan market at a value of US\$ 3.0 billion and the IMF's approval of a second review of its Extended Fund Facility Arrangement in December 2019. However, Angola continues to face continue challenges in its development, including reducing its dependence on oil and diversifying its economy, reconstructing its infrastructure and improving institutional capacity, governance, the systems managing its public finances, human development indicators and the living conditions of its population. Angola is projected to remain in recession in 2020 owing to the recent decline in oil prices and the global downturn resulting from the impact of the COVID-19 pandemic.

1.2.2.2 Sectors of the economy

Over the last five years, the Angolan government has focused on diversifying its economy with the objective of increasing its non-oil receipts. As a result, it has focused on developing certain key sectors in line with the country's resources and potential. The agriculture, water, energy and transportation sectors and the development of the private sector have benefited from targeted reforms to achieve this objective.

Agriculture: Angola is endowed with agricultural resources but has not effectively reached its full potential despite the importance of the sector's contribution to the country's development and economy (46% of total employment and 4.6% of its GDP). Challenges faced by the sector include small-scale agriculture, investments that yield low agricultural productivity (80% of production comes from small-scale farmers) and weak rural infrastructure (for example, irrigation, transportation, electrification, improvement in the quality of earth and weak capacities among rural community organizations).

The government has developed a number of programmes to tackle these challenges, the most important of which is the PRODESI programme to promote the development of agribusiness and other sectors. The World Bank is involved in aspects of this programme under the strategic pillars of two Systematic Country Diagnostics (SCDs) to ensure food security and economic diversification (see TOC in the annex).

Energy and water: At present, 44% of Angolans have access to electricity. Most of the population without access to electricity live in the west of the country (World Development Indicators, 2018). As part of the National Development Plan 2018–2022, the government developed an energy sector plan aimed at increasing the electrification rate from 36% to 60% of the population and increasing electricity generation capacity by 125%. The availability of domestic natural gas presents a significant opportunity for the generation of efficient, reliable electricity and could underpin a domestic industrial base that would provide the additional benefit of diversifying the economy beyond oil exports.

Similarly, the water sector is driven by the national water strategy, which seeks to increase the rate of access to water from 60% to 85% among the urban population and 66% to 80% among the rural population by 2022.

Transportation: Transportation infrastructure is hampered by significant weaknesses in interlinkages and national connectivity. The road transport network is not properly connected to areas of production and there is no national rail network connecting the country. There are three separate rail networks in Angola: (i) the Luanda Rail Network (CFL), (ii) the Benguela Rail Network (CFB) and (iii) the Moçamedes Rail Network (CFM). There is high potential for regional integration if these networks are connected as they could link up to a regional corridor to connect neighbouring countries.

Private sector: The private sector is starting from a low base and has suffered as a result of decade of state intervention and weak policies. Over the past 50 years, growth has been driven by public expenditure, in contrast to the rest of sub-Saharan Africa, where private investment has played a greater role in the economy. The private sector is currently receiving greater attention in the country's efforts to diversify its economy and after many years of neglect during the civil war. Although an inadequate institutional framework is hindering the diversification of the economy, the fragile business environment in Angola is also hampering industrial growth and the development of the private sector. According to the World Bank's 2020 Doing Business report, Angola ranks 177th of the 190 countries studied in its "ease of doing business" ranking, scoring 41.3 points out of 100, which is lower than the mean for sub-Saharan Africa (51.8). The lack of qualified labour to meet the market's needs, low productivity and closed markets are also significant challenges for the private sector. The government's efforts to approach these issues through the National Development Plan 2018–2022 include measures to improve the regulatory environment, productivity and competition as well as promoting innovation and technology transfer. These efforts are complemented by measures to strengthen the macroeconomic environment and reduce the size of the state's presence in favour of greater private sector engagement in facilitating sectors (especially electricity, transport, finance, telecommunications and education). The current administration has signalled its commitment to reform by recently adopting an investment and competition law and developing a privatization law.

Social sector: economic performance prior to 2014, driven by high receipts generated by the oil industry, did not translate into significant gains in social and human development. These receipts did not reach the poorest groups given the intensive nature of capital in the industry and the low level of economic diversification, resulting in a limited impact on employment and the creation of linkages with the rest of the economy. Poverty remains high, especially among young people and the rural population. Angola's Gini coefficient, measured at 51.3 in 2018, is considered high for the region and reflects a lack of progress in addressing major social inequality. Other social indicators highlight a life expectancy of 60.8 years, with malaria and tuberculosis among the main causes of death. The adult literacy rate is 66% and at least 30.2% of the population have completed secondary education (38.1% of men and 23.0% of women) according to the latest UNDP data for 2018.

1.2.3 Structure of the business sector

The General Companies Register (RGE) is an administrative entity that handles the ongoing registration of new enterprises under Decree No. 92/82 of 18 October of the Council of Ministers.

Under this decree, all enterprises established in Angola must register their statistical data with the INE by completing a questionnaire, the purpose of which is to enable the INE to collect relevant information to correctly measure business activity in the country.

The business landscape in Angola, in terms of the number of units registered, expanded between 2015 and 2018. By the end of this period, 185,897 enterprises had been analysed in the Business Units Register (FUE). Of this total, 52,689 enterprises were active in 2018, compared with 49,376 enterprises in 2017.

The distribution of active enterprises by province in 2018 was as follows: 58.9% in Luanda, 7.5% in Benguela, 4.4% in Cuanza Sul, 4.3% in Huíla, 4.1% in Huambo and 3.3% in Cabinda.

According to the second edition of the Classification of Economic Activities (CAE), in 2018 the distribution of business activity across enterprises was as follows: 49% wholesale trade and retail; 9% accommodation and food service (restaurants and similar); 5% consulting, scientific and technical activities and similar; 5% construction; 6% manufacturing; 6% administration and support services; and 4% other services.

As regards the legal structure of the enterprises, 49% were registered as “empresas em nome individual” (sole proprietorships) and 50% were registered as “sociedades por quotas” (private limited companies). In the institutional sector, 49% of enterprises were “famílias” (family businesses) and 50% were “sociedades não financeiras privadas nacionais” (national private non-financial corporations).

The highest enterprise birth rate over the period in question in Angola was 5.3% recorded in 2015. The lowest rate was 1.4%, recorded in both 2014 and 2018. The highest enterprise death rate was 1.5%, recorded in 2016, and the lowest was 1.2%, recorded in 2018. In 2018, the highest enterprise birth rates were observed in the arts, entertainment, sports and recreation sector (5.3%) followed by administration and support services (4.8%). The highest birth rates in 2015 and 2017 were reported among private limited companies (6.2% and 5.2% respectively). In 2018, the lowest birth rate was observed among “sociedades anónimas” (public limited companies) (1.2%) and state-owned enterprises (0.8%).

An analysis of the enterprise death rate by economic activity in the period in question shows that, in 2018, the highest death rate occurred in the electricity, gas, steam, hot and cold water and air conditioning sector (4.1%) and the agriculture, animal husbandry, hunting, forestry and fishing sector (3.5%). The lowest death rates were recorded in consulting, scientific and technical activities and similar activities (0.4%) and administration and support services (also 0.4%). The enterprise death rate was highest among state-owned enterprises in 2016 (18.8%), 2017 (18.1%) and 2018 (16.7%). The year 2018 saw the lowest death rates among other kinds of enterprises (0.9% among private limited companies and 1.7% among public limited companies). The death rate among public non-financial corporations in the institutional sector was high (20% in 2017 and 23% in 2018). Over the period in question, financial companies had the lowest death rate of 0.5%.

According to sources at the National Institute for Small and Medium Enterprises (INAPEM), there were 12,000 authorized micro, small and medium-sized enterprises (MSMEs) in Angola in 2017.

The national plan to support MSMEs was created through the adoption of Law No. 30/11 of 13 September. This plan is based around a programme to reduce bureaucracy in the current system and envisages a number of incentives and facilities to be implemented by the government and the conditions for accessing these incentives and benefits. The plan defines MSMEs as enterprises that seek to carry out economic activities in Angola and have therefore been set up as partnerships or private limited companies in Angola under the terms of Law No. 1/04 of 13 February, which regulates Angolan companies. An enterprise can be classed as an MSME on the basis of two criteria: the number of active workers and annual turnover, the latter of which is the prevailing criterion in the event of uncertainty. Therefore, according to the new legislation:

- micro-enterprises are companies employing up to 10 workers inclusive and/or have a gross annual turnover below US\$ 250,000 (or the equivalent in Angolan kwanza);
- small businesses are companies employing between 10 and 100 workers inclusive and/or have a gross annual turnover between US\$ 250,000 and US\$ 3 million (or the equivalent in Angolan kwanza);
- medium-sized businesses are companies employing between 100 and 200 workers inclusive and/or have a gross annual turnover between US\$ 3 million and US\$ 10 million (or the equivalent in Angolan kwanza).

However, micro, small and medium-sized enterprises encounter many barriers, including:

- Low capitalization;
- Difficulty accessing credit (high collateral requirements);
- Poor-quality human resources (MSME owners mainly operate in the retail sector and it is difficult to manage more complex enterprises such as agricultural and industrial activities);
- Insufficient incentive for national production;
- High level of vulnerability in the early stages of their business.

These obstacles hinder the competitive potential and the productivity of these units.

1.2.4 The informal economy in Angola

1.2.4.1 Definitions

There is more than one way to define the informal economy. According to the ILO (2006), the informal sector consists of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned.

The definition of economic units proposed by the ILO (2006) includes units that employ hired labour, units that are owned by individuals working on their own account and cooperatives and social and solidarity economy units. They operate at a low level of organization, on a small scale and with little or no division between labour and capital as factors of production.

In this sector, labour relationships - where they exist at all - are mostly based around occasional employment and family, personal and social relationships rather than contractual agreements with formal assurances" (ILO, 2006), meaning they are essentially informal and casual contracts.

According to the same source, the term "informal economy" is preferable to the term "informal sector" as the workers and enterprises in question form part of various sectors of economic activity rather than a single sector. (ILO, 2006)

The informal economy is understood to cover all economic activities that are not included in GDP (gross domestic product) and, therefore, the national accounts. (CEGEA, 2008)

The informal economy is also viewed as "economic activity that does not comply with tax obligations, in particular tax reporting requirements" (Feige, 1990 apud Silva, O., 2010). This could also be termed the "undeclared economy".

However, the ILO clarifies the difference that exists between the two concepts: activities carried out by economic units in the informal sector are not necessarily carried out with the intention to evade tax obligations and social security contributions or to contravene labour legislation, other legislation or other administrative provisions. The concept of informal sector activities should therefore be separated from the concept of underground economy activities. (ILO, 2006, p. 25)

The International Labour Office (ILO, 2014), in the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), describes the informal economy as economic activities by workers and economic units that are not covered by formal arrangements. Recommendation No. 204 also stipulates that the term "does not cover illicit activities, in particular the provision of services or the production, sale, possession or use of goods forbidden by law, including the illicit production and trafficking of drugs, the illicit manufacturing of and trafficking in firearms, trafficking in persons, and money laundering, as defined in the relevant international treaties". (ILO, 2014) (https://www.ilo.org/dyn/normlex/fr/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R204).

The ILO (2006) gives the production and trafficking of drugs as an example of illegal activity. Activities falling within the scope of criminal law and the entities that perform them are not subject to commercial regulation or labour protections. On the other hand, however, are informal activities that represent the real economy in many countries with a limited formal sector. These activities absorb labour and reduce poverty, and most of the workers and enterprises involved provide legal goods and services.

1.2.4.2 Size of the informal economy

It is difficult to measure the size of the informal economy given its particular characteristics. There is much discussion in the literature of perspectives on the informal market and there is no consensus on its definition. However, it is widely accepted that informality is highly prevalent in the labour markets of most countries. (ILO, 2014)

"Although there are no reliable figures on the size of the informal economy in Angola, the few studies available appear to agree on the socioeconomic importance of informal activities." (Lopes, 2014)

Informal activity is a "fundamental factor of social and economic organization" (Lopes, 2014) and a fundamental part of political, social and economic life. (Ernesto; Capilo, 2018). For many people, the informal sector offers a range of opportunities such as income generation and is the only source of income of many families. The informal economy also helps to meet the needs of the poorest consumers, offering accessible goods and services in ways and at prices that match the purchasing power of the most disadvantaged populations who acquire goods in this market.

1.2.4.3 Drawbacks of the informal economy

The ongoing growth of informality has had a negative impact on the development of formal enterprises as a result of unfair competition and on the collection of tax receipts and government actions concerning the development of economic, social and environmental policies. (ILO, 2014)

“The informal economy is characterized by significant decent work deficits and a disproportionate number of poor workers” (ILO, 2014).

Workers in the informal economy are excluded from social protections in some countries, while workers in others enjoy a high level of coverage. While this could be considered a matter of national capacities, some developing countries provide coverage to all residents, especially pensions coverage. In some cases, universal non-contributory pensions or means-tested pensions are envisaged in pensions legislation to guarantee the right of workers in the formal and informal economies to receive benefits in old age. In other countries, specific legislation has been adopted to extend pension rights and other benefits to workers in the informal economy. (ILO, 2014)

The informal economy has been found to trap workers in a cycle of low productivity and poverty. Informal workers are not recognized, registered, regulated or protected under labour and social protection legislation and are consequently unable to exercise their rights. Workers and economic units in the informal economy are characterized by poverty, exclusion and vulnerability.

A major disadvantage experienced by operators in the informal economy is limited access to finance stemming from a lack of collateral. This increases their likelihood of defaulting on debt payments to lenders and prevents them from obtaining loans from credit institutions and expanding their businesses. (ILO, 2014)

Discrimination is also more accentuated in the informal sector. Women make up the overwhelming majority of workers in this sector, and as a result of discrimination they are the most vulnerable informal workers and tend to carry out certain activities including working as “zungueiras” (street vendors) and domestic work. (ILO, 2014)

Enterprises in the informal economy face many barriers, including difficulties expanding their business owing to low capacity for investment in improving their productive activities. “Many informal enterprises have no legal structure. They usually cannot obtain loans from formal credit institutions and must therefore rely on illegal lenders who charge exorbitant rates and only loan them small amounts of money”. (CEGEA, 2008).

Informality has a negative impact on enterprises in the formal segment as a consequence of unfair competition. Informal units benefit from cost savings as they incur lower costs when setting up their businesses than formal enterprises and do not comply with formal obligations such as paying taxes, meaning they can sell their products at lower prices. Furthermore, formal enterprises that comply with their obligations are confronted with a tougher competitive environment that makes it harder to expand their business (Perry et al, 2007 apud CEGEA, 2008).

1.2.4.4 The paradox of informality

The matter of informality raises a range of dilemmas and paradoxes. As seen in **Table 1**, there are a number of reasons to argue that informality should be permitted, as well as reasons to argue that it should be opposed.

► **Table 1 - The dilemmas and paradoxes of informality**

Why it should be permitted	Why it should be opposed
It provides employment	It engenders unfair competition
It is a source of creative initiative, with a high potential for wealth creation	It fosters evasion
	It encourages theft
It is a reaction to the unavoidable fiscal burden that is distributed inequitably among the labour force	It penalizes those who choose to operate in accordance with the law
	It reduces national productive capacity
It generates low prices and competitive commercial alternatives	It funds organized crime
It enables poorer people to become consumers and increases their purchasing power	It hinders investment in modern technologies

Source: Rydlewski and Guandalini (2005); Silva (2005)Apud Franciso; Paulo (2006).

The table above demonstrates the difficulty of applying measures to regulate informal activity. Informality is beneficial in many ways. In the light of the lack of opportunities in the formal sector, informal activity promotes employment and enables informal actors to carry out economic activities, helping them to generate the income they need to survive and meet their basic needs. It also allows goods and services to be sold at prices that are more accessible to individuals with less purchasing power.

However, informal activities are a vehicle for tax leakage and make it difficult to collect macroeconomic data on national production and employment rates, which in turn hampers policy-making and prevents the productive capacity of formal enterprises from expanding.

This duality highlights the distinct characteristics of the formal and informal markets (see **Table 2**).

► Table 2 - Features of the formal and informal markets

	Marché formel	Marché informel
Setup	Requires official authorization	Requires individual initiative alone
Structure	Legally formed companies	Sole proprietors or families, free and flexible
Premises	Required	Usually no fixed premises
Investment capital	High	Low
Reserve capital	Essential	Generally non-existent
Technology	High-level, imported	Non-existent or basic
Wages and labour relationship	Employment contract in accordance with legal standards	Agreed among individuals, no employment relationship
Stock	Large amounts and good quality	At best, small amounts and poor quality
Prices	Fixed prices	Settled by haggling
Credit sources	Banks, loans, state subsidies or foreign investment	Personal credit or family loans, use of traditional institutions (credit and saving associations and “people’s banks”)
Profit margin	Small by unit but high by trading volume, capitalization	High by unit but low by trading volume, capitalization unusual
Overheads	Substantial	Not accounted
Bookkeeping and accounting	Both required by law	Non-existent or, at best, basic bookkeeping
Recycling and waste management	Rarely	Very frequently
Advertising	Important and intensive, carried out by the enterprise or through the media	Person to person, if at all
Dependence on external support	Significant, using contracts	Little to none

Source: Amaral, 2005.

1.2.4.5 Informality, economy and business performance

Studies on the informal sector have emerged from literature on the dual economy (Lewis 1954; Todaro 1969). The term “informality” is associated with unprotected workers, excessive regulation, low productivity, unfair competition, evasion of the rule of law, underpayment or non-payment of taxes and work “underground” or in the shadows. (Perry et al, 2007)

A search for activities covered by the term “informal sector” brings up studies from the 1950s and 1960s on the dualistic nature of developing societies that are closely associated with Lewis’ work (1954). Lewis (1954) proposed an economic development model in which there is an unlimited supply of labour in the informal sector and subsistence agriculture. The concept of dualism, or the dual-sector model, relates to the various asymmetries in organization and production. The dualism of an economy’s structure between the traditional and modern sectors or the capitalist and subsistence sectors was considered to be a distinctive characteristic of developing countries. (Swaminathan 1991)

According to the Lewis model (1954), as the formal sector develops, its demand for labour increases. It then absorbs the surplus labour, which leads the informal sector to shrink. (Chen et al, 2002) The urban informal sector was traditionally considered to be a residual component of the segmented urban labour market, providing employment to the surplus labour that could not be absorbed by the formal urban economy. (Fields, 1975)

In the 1980s, the informal sector was considered to be large following the economic downturn over the preceding decade. Gibson and Kelley (1994) suggest that the most basic characteristic of the informal sector is that it behaves as a reserve army of unemployed individuals and conclude that the relationship between the formal and informal sectors is complex.

For many years, governments and economists presumed that poor, traditional economies could be transformed into dynamic, modern economies with the help of a certain combination of economic policies and resources. The traditional or informal sector was expected to disappear in the process, while the modern or formal sector was expected to grow and absorb more labour.

However, contrary to expectations, the informal sector and informal employment remain substantial. Many countries have not been able to develop a modern economy that can provide adequate employment opportunities for their rapidly growing populations. The informal sector continues to be a major (if not the main) source of employment in many countries, where own-account workers and small enterprises set themselves up with little to no formal organization or capital and with the use of casual labour. The informal sector is a significant part of the economy in many Eastern European, Central Asian and African countries.

To date, researchers and policymakers have been unable to reach consensus on the definition of “informality” since informality can mean various things in different countries in different regions and at different levels of development. The definition of informality, especially when considering the implications of research, must be acceptable for countries in different parts of the world with a wide range of economic, social and institutional contexts. The definition must therefore be broad enough to cover the different manifestations of the informal sector in different countries. It must also be sufficiently flexible to adapt to national circumstances, although that flexibility could make it difficult to compare statistics at the international level for certain descriptive and analytical purposes. (ILO, 2013)

The informal sector is still growing and its characteristics are constantly changing. According to Olivier (2009) and Olivier, Masabo and Kalula (2012), the informal sector in developing countries is generally fragmented and encompasses a range of profiles of individuals and economic activities, including (but not limited to) domestic work, street vendors, business owners who employ other workers and independent workers.

In Africa, for example, the informal sector is dominated by activities relating to retail, with services and manufacture making up only a small percentage of the sector. Another defining characteristic of this sector is that it accommodates a wide range of individuals, some of whom have previously been employed in the formal sector, and a particularly high proportion of women (Olivier 2009). The literature refers to entrepreneurs working in the informal sector as “entrepreneurs of necessity”, meaning individuals who have not found alternative employment or unemployment opportunities in the formal sector. However, this perspective has been called into question as some operators work in the informal sector by choice (Levenson and Maloney 1998; McKenzie and Woodruff 2006).

In many countries, the informal sector is often viewed as a marginalized “survival sector” that absorbs and traps workers, while in other countries the informal sector is considered a vibrant and enterprising section of the economy that can stimulate economic growth and job creation. The informal sector provides a significant contribution to the economy.

For example, in several African countries, income from the informal sector is responsible for almost 30% of total income and more than 40% of total urban income. In Mozambique, for example, the informal economy is believed to represent around 40% of the economy (African Union 2008; Sparks and Barnett 2010).

Byiers (2009) concluded that a predominance of micro-enterprises and particularly informal micro-enterprises in developing countries is likely to be a symptom of a number of aspects of their economies. These include high transaction costs, high levels of firm risk, weak tax and regulatory enforcement, poor information flows, arbitrarily high and/or complex regulatory barriers and corrupt officials. Policymakers are focusing on micro and small businesses given their great potential for job creation and income generation. Statistics on the characteristics of the economic units that make up the informal sector are needed to inform the development and implementation programmes to increase the potential of informal enterprises.

Studies on the informal sector can provide information on production and output, as well as the size, number of workers and age of the economic unit, the entrepreneur's or owner's characteristics, capital and equipment, the restrictions under which units operate, the way they are organized and their relationship with the formal sector and the public authorities. (ILO, 2013)

These statistics provide vital information to support the creation of incentives, the simplification of business registration procedures and the design of necessary support services such as microfinancing, business development and investment in infrastructure. Statistics can also help to improve conditions for workers as they can be used to persuade employers to offer more benefits and better protection.

According to the literature, many enterprises operate informally as a result of a lack of information and awareness of their obligations. Enterprises also face a trade-off between the costs and benefits of registering. The costs of participating in the formal sector include start-up regulations, tax obligations, employment legislation, compliance with health and safety legislation and payment for relevant permits. The benefits of operating in the formal sector include the ability to operate at a larger scale and gain better access to credit, the government, contracts with large companies and legal protection.

There are also benefits of operating in the informal sector. Azuma and Grossman (2002) suggest that in many countries, especially poor countries, the heavy burden of taxes, bribes and bureaucratic conflicts drive many producers to the informal sector.

There are therefore certain benefits of operating in the informal sector, including the avoidance of onerous government regulations (Johnson et al, 2000) and complex tax administration (Enste and Schneider, 2000). Almeida and Carneiro (2005) explain that operating in the informal sector grants enterprises greater flexibility in hiring informal workers, while Farell (2004) states that avoiding taxes and regulations gives informal enterprises a competitive advantage over their formal counterparts.

Battini, Levine and Lotti (2011) discovered that the informal sector lacks the labour market frictions experienced in the formal sector.

There are also various disadvantages of operating in the informal sector. La Porta and Shleifer (2008) demonstrated that the informal sector is traditionally associated with low efficiency and wages and informal operators are less likely to enjoy social protections.

The high cost of complying with government institutions and regulations is often seen as the main explanation for the presence of large informal sectors in developing countries (Gabrieli, Galvão and Montes-Rojas 2011). De Mel, McKenzie and Woodruff (2013) discovered that the background, skills and attitudes of around 70% of own-account workers in Sri Lanka were closer to those of salaried workers than business owners and they rarely expanded by hiring paid employees. Most small enterprises have little desire to grow or innovate in any observable manner. De Soto (1989) argued that informal enterprises often wish to formalize but are prevented from doing so by government regulation and corruption.

Productivity is a key issue in the discussion on economic growth. According to neoclassical growth theory, an increase in total factor productivity is the only source of long-term growth in per capita income. An increase in productivity does not just generate a greater output with the same amount of inputs, it also creates incentives for more investment, which spills over into the rest of the economy. Understanding how this variable behaves and the changes that determine its growth is therefore key to understanding the factors that lead to sustained economic growth.

Increases in TFP and stocks of machinery and equipment increase labour productivity, meaning the value produced by each worker. This metric is often used to measure and compare productivity among countries.

More importantly, however, is that the growth of this variable will play a key role in future GDP growth in comparison with demographic and labour market variables. According to the authors' projections, a reduction in population growth will mean that factors associated with population expansion will tend to be of less importance to GDP growth, while labour productivity will be even more relevant.

Which factors determine increased productivity? Intuitively, enterprises in market economies seek to increase their productivity and efficiency in response to stimuli arising from competition. Productivity gains are normally associated with efforts made by enterprises or sectors of activity that take the form of technological innovations, capital investment and improvements in the production process, later reallocated among economic units. One example is the large-scale dissemination of information communication technologies in the economy throughout the last 25 years. Another is the relationship between the redeployment of labour in the economy and economic development. The movement of the labour force across different areas of activity, known in the economic literature as structural change, has generated significant transformations and different trajectories among developing countries (McMillan and Rodrik, 2011). The redeployment of labour from unproductive sectors to more efficient sectors can further increase the additional productivity of the economy, even without technological advancements. Throughout the economic development process, the agricultural sector has freed up labour and seen its share of the labour market diminish. The key question concerning productivity is this: what happened to the labour freed up from agriculture? Were the workers allocated to more productive sectors? In some countries, more modern and productive sectors were able to absorb surplus labour from agriculture and increase the economy's productivity, while in others the labour moved to low-productivity informal sectors or unemployment. Informality emerged as a barrier preventing micro, small and medium-sized enterprises from accessing credit, technologies, new markets and management tools.

The technical director of Brazil's Inter-Union Department for Statistics and Socioeconomic Studies (DIEESE) has noted that the SME sector in Brazil, which represents 98% of all economic units, needs to be restructured, adding that the productivity of this segment represents 10% of the productivity of large enterprises. In countries like Germany, for instance, this percentage is 60%.

In his view, expressed at the 21st Brazil Economic Conference promoted by the Federal Council for the Economy (COFECON) in Curitiba, "this is a structural barrier to any productive development strategy. We also need to consider the fact that most of these micro and small enterprises are informal enterprises, which excludes them from basic public policies regarding access to credit, technologies, markets and management tools."

He also emphasized that these informal enterprises also hire informal labour, which creates a situation in which workers lack labour and social protections, thereby perpetuating inequalities.

Various studies have investigated the factors affecting business performance, many of which have been identified in the literature. For example, the size of an enterprise influences its performance (Calomiris and Hubbard, 1993; Beck et al, 2006), and experience in its specific sector improves an enterprise's performance (Cassar, 2014). Access to finance and export status are also important factors (Gertler and Gilchrist, 1993; Manole and Spatareanu, 2010).

It is important to examine how and why a small enterprise's level of formality has an impact on its performance. Several studies have attempted to empirically examine the impact of formality on performance. McKenzie and Sakho (2010) studied the impact of tax registration on the profits of enterprises in Bolivia, the country with the highest levels of informality in Latin America, by conducting a survey of micro and small enterprises to monitor a wide range of measures relating to the business owner's capacities and the business reasons that could affect profits and the decision to formalize. They discovered that registering for tax services, thereby undergoing a fiscal formalization process, helped medium-sized enterprises to improve their performance.

Fainzylber et al (2011) conducted an extensive survey of Brazilian micro-enterprises and studied the introduction of a simplified tax system for enterprises (SIMPLES), discovering that this kind of formality improved the micro-enterprises' performance. Newly established enterprises choosing to operate formally were observed to earn more income and profit, employ more workers and were more capital-intensive (enterprises with employees only). This was not a consequence of improved access to credit or contracts with larger enterprises. In fact, it appears that the lower cost of hiring labour led to the adoption of production techniques that involved moving to permanent premises and establishing a larger remunerated labour force.

Bohme and Thiele (2012) studied 6,000 informal enterprises in six urban centres in Africa, focusing on their prior and subsequent connections with the formal sector. The level of informality of the enterprises in the sample appeared to affect performance only indirectly, through their links with the formal sector. These enterprises did not have the financial means or necessary technological or administrative capacities to expand their activities. One way to overcome these barriers is to establish links with the formal sector.

Aparicio (2014) noted that Mexico's Rapid Business Start-up programme (SARE) enacted a reform that incentivized local governments to simplify their business registration procedures. This study investigated the effects of reducing registration costs on business performance to discover whether registering an enterprise with the government and authorities would have any effect on the enterprise's results. Although the reform was considered to have increased formalization, there was no data on the results of other enterprises. https://www.oecd.org/fr/industrie/tourisme/MEXICO%20TOURISM%20POLICY%20REVIEW_EVALUATION%20ET%20RECOMMANDATIONS_FRE.pdf.

Access to credit may be a reason why formal enterprises perform better than informal enterprises. La Porta and Shleifer (2014) note that World Bank studies on enterprises have concluded that the greatest perceived obstacles to business reported by formal and informal enterprises relate to lack of access to finance. Similarly, on the basis of data from enterprises in transition economies, Koeda and Dabla-Norris (2008) discovered that informality is robustly and significantly associated with lower access to and use of bank credit. Matlary (2012) observed that licensed businesses in Tanzania experienced more growth in sales than informal enterprises, mainly as a consequence of better access to credit and government contracts.

According to a study by De Vletter (2002), the informal sector in Angola is defined as the sector of urban micro-enterprises that comprises all kinds of income-generating activities from self-employment to small production and service units with fewer than 10 employees. Most of these activities are carried out by own-account workers and involve retail activities.

Although this study begins by describing activities in the informal sector as those carried out without authorization, the limitations of this definition quickly become clear. Street vendors do in fact hold some form of work permit, albeit not one issued by the provincial or municipal authorities as is the case with formal sector enterprises. The study therefore examines whether the informal sector can be defined as activities that are not covered by tax regulations. It concludes that this approach is also inappropriate since tax evasion is common in all sectors and informal vendors pay municipal charges on a daily basis. Finally, the study analyses the levels of investment in the informal sector to see whether a low level of investment can be considered a distinctive characteristic in comparison with formal enterprises. It concludes that investment in the informal sector varies from US\$ 20 to US\$ 1 million; it is therefore inappropriate to include enterprises investing more than US\$ 5,000 in this sector.

The study finally uses the following elements to differentiate between the formal and informal sectors: ways of accessing credit, compliance with legislation, use of support services by enterprises and training and skills requirements.

1.2.4.6 Size of the informal economy

There are no robust statistical data to quantify informality in terms of its contribution to the survival of vulnerable groups, its economic output or its relative importance as regards the total labour force in employment. This is a complex task that involves a conceptual and methodological discussion and a cross-cutting approach, which are yet to be achieved. The available data must be handled carefully. One thing is certain: the impact of the informal economy in Angola is huge, even in the context of sub-Saharan Africa, and is unlikely to decrease despite efforts carried out through the Informal Economy Transition Programme (PREI) launched in 2014 by presidential decree.

According to the UNDP's Human Development Report, the main reasons for entering the informal economy in Angola are urban population growth, high unemployment, low literacy rates and low real wages.

The National Development Plan 2018–2022 estimates that informal activities make up 40% of the national economy and are “essential for 75% of the population”. The plan includes a conversion programme with the main objective of “defining and implementing an integrated response to informality in the economy that can generate structural change in the medium term on the basis of comprehensive knowledge of the issue”. Research currently being conducted by the INE may be able to provide better statistical information in this regard. In 2017, the Ministry of Trade published its perspectives on the conversion of informal trade. Several stakeholders and United Nations agencies have underlined the importance of increasing synergies and ensuring the relevance of ongoing efforts, facilitated by a cross-cutting analytical study on the dynamics of informality in Angola.

Using the MIMIC (multiple indicator multiple cause) econometric model, Medina and Scheneider (2019) estimated that the informal economy constituted 44.5% of Angolan GDP on average between 1991 and 2017.

The publication “Women and men in the informal economy: a statistical picture” (2018) revealed the following: informal employment plays a significant role in the global labour market, representing 61.2% of the world's employed population (2 billion workers); half of the world's employed population work informally in non-agricultural activities; and the scale and characteristics of informality differ by region. Informal employment is the main source of employment in Africa, accounting for 85.8% of all employment and 71.9% of employment excluding agriculture. There is positive correlation between a country's level of socioeconomic development and the degree of formality in the labour market, which reflected in the fact that emerging and developing countries have substantially higher rates of informality than developed countries.

In this study, Angola, which is included in the group of emerging or lower-middle income countries (those with income per capita between US\$ 1,006 and US\$ 3,955), is part of the Central African region along with Cameroon, Central African Republic, Chad, Congo, the Democratic Republic of the Congo, Equatorial Guinea, Gabon and Sao Tome and Principe. This is the first time that data on Angola have been included in this report as such data was not included in the 2002 and 2013 editions.

For the purpose of comparison, according to the statistical data, Angola has a higher rate of informal employment as a percentage of total employment (94.1%) than the regional blocs of Central Africa (91%), SADC (77%) and sub-Saharan Africa (89.2%) and Africa as a whole (85.8%). The greatest difference (17.1%) is observed in relation to the SADC bloc of countries. The report only presents data for eight of these countries, among which we can highlight Botswana (65.6%) and South Africa (34%). In terms of informal employment in informal economic units, the figure for Angola (77.1%) is higher only than the SADC figure (64.8%) and lower than the other blocs considered for comparison purposes (83.5% for Central Africa and 79.2% for sub-Saharan Africa), with 76.0% for Africa as a whole. The highest figure was observed in Chad (92%) and the lowest percentage recorded in the ILO data was observed in South Africa (21.8%).

The percentage of individuals employed in informal employment in the formal sector is substantially higher in Angola (16.5%) than in Central Africa (6.9%), SADC (6.1%), sub-Saharan Africa (5.0%) and Africa as a whole (5.5%). Only Congo reported a higher figure than Angola under this metric (25.9%) and the lowest figure was recorded in Zambia (2.9%). Finally, under the item concerning informal work in households, the figure for Angola (0.5%) is slightly lower than the average for Central Africa (0.6%) and sub-Saharan Africa (0.6%), while higher figures were reported for Africa as a whole (4.3%) and SADC (6.2%). A remarkably high percentage was recorded in Namibia (14.6%), as opposed to the low figure reported by Tanzania (2.3%).

► Table 3 - Percentage of informal employment (%)

	Share of informal employment in total employment	Share of informal employment in informal economic units	Share of informal employment in the formal sector	Share of informal employment in households
Angola	94.1	77.1	16.5	0.5
Cameroon	90.9	83.7	6.4	0.0
Chad	94.0	92.0	2.0	0.0
Congo	85.3	56.9	25.9	2.0
Democratic Republic of the Congo	91.9	88.2	3.7	0.0
Central Africa	91.0	83.5	6.9	0.6
Madagascar	93.6	83.6	4.1	5.9
Malawi	83.0	74.1	4.6	4.3
Tanzania	90.6	83.5	4.9	2.3
Zambia	87.9	79.0	2.9	6.1
Botswana	65.6	52.1	5.2	8.3
Namibia	67.0	46.8	5.6	14.6
South Africa	34.0	21.8	4.8	7.4
SADC	77	64.8	6.1	6.2
Sub-saharan Africa	89.2	79.2	5.0	0.6
Africa	85.8	76.0	5.5	4.3

Source: ILO. Women and men in the informal economy: a statistical picture (2018).

In Angola, the percentage of people working in informal activities was 72.4% in the period in question, a figure that was highest among people aged 25–64 years (IDREA survey, 2018).

Angola has a very young population and the data show that young people are one of the groups most affected by informality. Informal work among young people is therefore a challenge to be addressed in development programmes in Angola. Over the period in question, around 69% of young people aged 15–24 years worked in informal employment.

1.2.4.7 Women and young people in informal activities

In Angola, the share of informal employment in total employment is **94.1%**, and the share of informal employment in non-agricultural employment is **89.5%**.

As a share of total employment, informal employment in informal economic units is **77.1%**; informal employment in the formal sector (including government bodies and not-for-profit institutions) is **16.5%**; and informal employment in households (as paid domestic workers or own-account workers producing goods exclusively for use by their families) is only **0.5%**.

A closer look reveals that there are more women (86.1%) than men (68.6%) in informal employment in informal economic units but more men (24.1%) than women (8.5%) in informal employment in the formal sector.

Most informal employment in informal economic units occurs in rural areas (91.6%, compared to 61.1% in urban areas), while informal employment in the formal sector is more prevalent in urban areas (27.5%) than in rural areas (6.6%).

Informal employment in households is mostly prevalent among women in urban areas.

► **Table 4 – Share of informal employment in total employment**

Share of informal employment in total employment (%)											
Informal employment in informal economic units				Informal employment in the formal sector				Informal employment in households			
M	W	U	R	M	W	U	R	M	W	U	R
68.6	86.1	61.1	91.6	24.1	8.5	27.5	6.6	0.1	0.8	0.8	0.2

Source: ILO. Women and men in the informal economy: a statistical picture (2018).

The share of informal employment in total employment by status in employment helps us to identify the workers most exposed to informal employment, which is useful to know when designing public policies.

Informal employees are mostly concentrated in informal employment in the formal sector, while almost all employers (96.4%) and own-account workers (99.6%) carry out informal activities in informal economic units. Of the 82.1% individuals in informal employment, 51.6% carry out activities in the formal sector, 29% in informal economic units and 1.5% in households. Finally, 91.5% of contributing family workers work in informal economic units and 8.5% work in the formal sector.

► **Table 5 – Relative importance of informal employment**

Informal employment as a percentage of total employment				
	Total	Share of informal employment in informal economic units	Share of informal employment in the formal sector	Share of informal employment in households
Employees	82.1	29.0	51.6	1.5
Employers	96.4	96.4		0.0
Own-account workers	99.6	99.6		0.0
Contributing family workers	100	91.5	8.5	0.0

Source: ILO. Women and men in the informal economy: a statistical picture (2018).

Analysing the distribution of workers in informal employment and formal employment by status reveals that own-account workers (48.0%) and employees (42.1%) are most prevalent in informal employment while employees make up nearly all workers in formal employment (97.5%). Employers are relatively more prevalent in the informal sector (1.7%) than in the formal segment of the labour market (0.7%).

► **Table 6 – Informal and formal employment by status in employment (%)**

	Share of informal employment in total employment			Share of formal employment in total employment		
	Total	Men	Women	Total	Men	Women
Employees	42,1	51,1	30,7	97,5	95,9	99,3
Employers	1,7	2,0	1,4	0,7	1,0	0,1
Own-account workers	48,0	41,1	56,7	1,8	3,1	0,5
Contributing family workers	8,2	5,8	11,3	0,0	0,0	0,0

Source: ILO. Women and men in the informal economy: a statistical picture (2018).

According to ILO data, participation in informal employment is highest in agriculture (99.4%) than in services (90.2%) and industry (85.1%). Men represent the largest proportion of workers in agriculture and industry, while women are in the majority in the services sector.

► **Table 7 – Relative importance of informal employment by sector of activity (%)**

	Share of informal employment in total employment		
	Total	Men	Women
Agriculture	99.4	99.6	99.2
Industry	85.1	86.5	68.2
Services	90.2	88.7	91.8
Total	94.1	92.8	95.4

Source: ILO. Women and men in the informal economy: a statistical picture (2018).

The breakdown of employment in different sectors by sex differs according to the sector of activity: there is a higher proportion of men in informal employment in agriculture and a higher proportion of women in informal employment in industry and services; however, in the formal sector, women make up the majority of workers in agriculture and services, while a higher proportion of workers in industry are men.

► **Table 8 – Relative importance of formal and informal employment by sex and sector of activity**

	Share of informal employment in total employment			Share of formal employment in total employment		
	Total	Men	Women	Total	Men	Women
Agriculture	45.6	46.9	2.9	4.2	2.9	4.9
Industry	11.6	16.7	35.0	29.3	35.0	30.5
Services	42.8	36.4	62.2	66.5	62.2	64.6

Source: ILO. Women and men in the informal economy: a statistical picture (2018).

In its strategic plan for the transition from the informal economy to the formal economy by 2025, the Ministry for the Economy and Planning reported that **72.6%** of economically active individuals operate outside the formal sphere. This segment is worth **US\$ 43 to 64 billion annually**.

According to the same source, the informal economy in Angola represents around **40–60% of GDP** and is mostly prevalent in the agriculture, retail, fishing, service provision and industrial sectors.

Using the MIMIC model, Medina and Scheneider (2019) calculated that the unofficial economy constituted **44.5%** of Angolan GDP on average between 1991 and 2017.

In late 2019, the INE annual report stated that 7,393,883 individuals of a total of 9,924,675 Angolans in work carried out informal work. The Q2 2020 INE employment survey stated that the percentage of Angolans in informal work was 80.1% of the working population of 9,751,457, which corresponds to 7,808,817 individuals in informal work (3,349,652 men and 4,459,165 women). An analysis of the data demonstrates that the informal employment rate is much higher in rural areas (93.5%) than in urban areas (63.4%) and higher among women (89.3%) than among men (70.4%).

The Q4 2020 INE employment survey reported that **80.8%** of individuals were in informal employment out of a total of 10,749,488 Angolans in work, which corresponds to **8,685,676 informal workers**. This means that, as a consequence of the worsening economic crisis and the impact of the COVID-19 pandemic, the number of Angolans making a living in the informal economy grew by 17.47% in 2020. This corresponds to 1,291,793 individuals joining the informal sector, 884,510 of whom did so in the second and third quarters of the financial year (growth of 11.34%). Among this group, **3,783,121 were men and 4,902,555 were women**. The informal employment rate continues to be higher in rural areas (93.3%) than in urban areas (67.5%) and higher among women (**90.3%**) than among men (70.1%). In the non-agriculture segment, individuals aged 15–24 years were most likely to engage in informal work (**77.1%**) in comparison to other age groups, with women (**79.5%**) much more likely to do so than men (**43.7%**).

Of the total working population (10,749,488) in the formal and informal sectors, **56.1%** work in the agriculture, animal husbandry, hunting, forestry and fishing sector (6,034,744 individuals), followed by wholesale and retail trade with **19.4%** (2,087,546 individuals). Transportation, warehousing, accommodation and communication (**4.2%**), industry, energy and water (**3.6%**) and construction (**2.8%**) complete the five main sectors of activity with high rates of informality.

1.3 International initiatives to formalize the informal economy

ILO Recommendation No. 204 advocates for a practical approach to achieve decent work for all and promote inclusive development. It places an emphasis on integrated strategies to facilitate the transition to the formal economy, create new formal jobs and avoid increasing informality, recognizing the key role of statistics to support the quality of political processes. In this sense, it incentivizes Member States to assess and diagnose the factors, characteristics, causes and circumstances surrounding informality in their national contexts to inform and underpin the design and implementation of legislation, regulations, policies and other measures to facilitate the transition to the formal economy. In part IV of Recommendation No. 204, the ILO recommends including the transition to formality as a central goal in national employment policies in parallel with quality job creation in the formal economy, advising Member States to formulate and implement a national employment policy in line with the Employment Policy Convention, 1964 (No. 122), and make full, decent, productive and freely chosen employment a central goal in their national development and growth strategy or plan. It is worth examining successful experiences in other areas, regardless of the extent of that success, as such approaches could be replicated with the necessary adjustments. By way of example, experiences in Latin American and Caribbean countries in recent years have shown that while economic growth is essential, employment cannot be increased and improved on the basis of economic growth alone. Targeted and integrated economic, social and labour policies and measures were implemented to supplement the positive effects of economic growth with the aim of reducing informality. Policies implemented in various countries were decisive factors in the achievement of increased formality, although this progress was uneven across the different countries. In 2013, the ILO Regional Office for Latin America and the Caribbean launched the Programme for the Promotion of Formalization in Latin America and the Caribbean (FORLAC), which comprised three components: a) generating and disseminating knowledge on formalization policies; b) providing technical assistance to specific countries; and c) training organizations of workers and employers on issues relating to formalization. In the scope of the first of these components, a series of ILO FORLAC Notes have been published to present experiences from tried and tested public policies. These Notes have underpinned the creation of an integrated approach based around targeted interventions to increase productivity and reform, adapt and simplify the legal regulatory framework by introducing incentives for formalization

and strengthening the administrative and institutional capacity of organizations whose work concerns labour and social security (ILO, 2014c).

Increasing the number of formal enterprises can have a positive impact on the economy, increasing the productivity of workers and enterprises alike. In addition, newly established enterprises expand the taxpayer base, thereby diversifying the government's resource base to help improve public services. In the long term, an increase in registered enterprises could also inspire a culture of appreciation and respect for the rule of law (Loayza, 2018). Unsurprisingly, governments have launched initiatives to incentivize informal enterprises to formalize. These initiatives often start from the premise that burdensome regulations discourage formalization (De Soto, 1989). However, the evidence is divided as to whether these strategies have an impact on the performance of enterprises (Benhassine et al., 2018; Campos et al., 2018).

In the various strategies adopted by governments to address the unofficial economy, it is useful to highlight a number of integrated measures:

- Reducing barriers to entry into the formal economy by reducing the complexity and costs of registration procedures;
- Facilitating microfinance and widespread access to the banking sector for MSMEs; and
- Reducing the undue tax burden through combined fiscal policies and measures to reform the tax administration architecture.

Many governments have sought to incentivize formalization by making it easier to meet the requirements for entry into the formal market. Reducing registration formalities led to an increase in the number of enterprises registered in Colombia and Mexico by around 5% (Bruhn M, 2011); (Kaplan, Piedra and Seira, 2011). However, efforts to simplify registration have generally had no impact on formalization (Bruhn and McKenzie, 2014). A programme in Malawi offered free assistance to help enterprises register with the authorities, but while 75% of enterprises receiving this assistance joined the business register, few chose to register with the tax system (the business and tax registers are separate in Malawi). According to this study, there are no indications that registration affects business performance (Campos, Goldstein and McKenzie, 2018). In Benin, where it is not possible to register with a separate tax system, the result of a programme providing enterprises with information on the benefits of registering their business achieved more modest results in terms of the number of enterprises going through the formalization process. This suggests that enterprises consider the costs of operating in the formal sector – including the payment of taxes – when deciding whether to formalize (Benhassine, McKenzie, Pouliquen and Santini, 2018).

Interventions that combine ease of registration with other incentives have received better responses in terms of the results of each enterprise. For example, in Malawi, when enterprises were offered information sessions on banking issues and business accounts, their increased access to financial services led to 20% increases in sales and 15% increases in profits (Campos, Goldstein and McKenzie, 2018). In Benin, an intervention centred around information sessions and advice on dealing with bureaucracy alongside business training, assistance in opening bank accounts and help navigating the tax system increased business registration rates by 16.3 percentage points in comparison with 9.6 percentage points when only information sessions and advice were offered (Benhassine, McKenzie, Pouliquen and Santini, 2018). However, the enterprises involved do not appear to have benefited much from formalization, and the cost of formalization was significant (US\$ 1,200–2,200 per enterprise), raising questions regarding the cost benefit of this kind of intervention.

In this case, the positive effect of formalization (reduced initial registration costs) is unlikely to last. In Colombia, an intervention launched by the government offering meetings with chamber of commerce officials, reduced registration rates and tax waivers for the first year resulted in a 32% increase in formalization among enterprises accepting the invitation to the meeting. However, the effect disappeared after the first year as many enterprises decided not to renew their licences (Galiani, Melendez and Navajas, 2015). Similarly, in Peru, the offer of a simplified business licence saw a strong uptake (a 43% increase in registrations), but many enterprises decided not to renew their licences after one year (Mullainathan and Schnabl, 2010).

Formalization strategies have had more positive results among informal enterprises that share certain characteristics with formal enterprises. In the example from Benin, the rate of formalization was nearly double for this type of enterprise (Benhassine, McKenzie, Pouliquen and Santini, 2018). Although informal enterprises generally have different characteristics (for example, the experience, skills, qualifications and mentality of business owners) from formal enterprises (La Porta & Schleifer, 2014), a subset of informal enterprises operate in similar ways to formal enterprises or share the same characteristics. These high-performing or high-potential informal enterprises could benefit from formalization and other policies supporting SMEs. In Mozambique, these enterprises represent around 8% of informal enterprises (Aga, Campos, Conconi, Davies and Geginat, 2019).

However, informal entrepreneurs motivated by the lack of opportunities for waged work are unable to expand their businesses even with incentives to formalize. In such cases, governments can focus on policies incentivizing job creation, thereby helping to reduce the informal sector, instead of approaches aimed at formalizing these enterprises.

The growing availability of digital technologies in developing countries has also been used to incentivize formalization. Financial inclusion strategies that provide access to digital services can also be incorporated into formalization strategies through programmes allowing enterprises to register via the internet or mobile telephone, technologies that are widely available. The use of technology to facilitate registration and financial operations such as wage payments and bank account management should be combined with intensive training to ensure that the target audience fully understands how to correctly use these digital services. Such training can also highlight the benefits of these services and demonstrate how they can be used for commercial purposes. Digital financial transactions also enable governments to better monitor such processes (Klapper, Miller and Hess, 2019).

Countries that have implemented tax reforms to simplify tax payments, especially among SMEs, have also recorded considerable rises in formalization (Klapper, Miller and Hess, 2019).

1.4 The main effects of COVID-19 on informal activities

The pandemic has exacerbated the symptoms of recession experienced by the Angolan economy, which have been further aggravated by the downward trend in the price per barrel of Brent oil over recent weeks owing to the reduction in global demand caused by COVID-19 and the trade standoff between Saudi Arabia and the Russian Federation. Furthermore, we are yet to see the full extent of the negative impact on domestic demand of efforts to avoid COVID-19 exposure and changes in consumer behaviour resulting from the pandemic. Sectors such as the oil industry, manufacture, transportation and logistics, retail, hotels and restaurants, which are most vulnerable to the effects of reduced overall demand and social distancing, are already suffering from the impact of the pandemic. Projections suggest a contraction in GDP, increase in public debt, increased unemployment, currency depreciation and increased inflation. Even in the most developed and structured countries, governments have had to assume the primary responsibility for the political response to the crisis, mobilizing budgetary policy instruments to strengthen resources in the health sector, increase social support for the most vulnerable groups and provide temporary support to enterprises in financial difficulty in order to restore confidence in the economy among citizens, consumers and business. Angola's institutions are fragile, the government has little capital and substantial debt, and most of its poor, vulnerable population survive without institutional protection mechanisms in a highly uncertain and volatile environment where information is often scarce and of dubious quality. Against this backdrop, decision-makers have limited options when it comes to the economy.

At first, the government decided only to ban anyone arriving from the countries most affected by the initial epidemic, including China, South Korea, Iran and Italy, from entering Angola. The decision was made by the Ministry of Health and adopted by decree, justified by the need to prevent the spread of the virus in Angola. More countries were added to the ban list until the decision was made to fully close the borders. The president then declared a state of emergency for a period of 15 days, during which movement and economic activities were restricted as a way of encouraging social distancing.

Among the different restrictions established through the state of emergency, the following had the most direct impact on informal activities:

- In formal and informal public markets, the only activities authorized were the provision of food, beverages, butane gas and hygiene, cleaning and cosmetic products from 6 a.m. to 1 p.m.;
- Formal and informal markets could be closed by the health authorities in the event of a high infection risk.

The restrictions on the opening of markets and street trader activities were amended when the state of emergency was renewed for another 15-day period: under the new rules, markets could only open three days a week (Tuesdays, Thursdays and Saturdays) under the same opening hours (6 a.m. to 1 p.m.).

To compensate for loss of income in connection with the state of emergency and pandemic restrictions, the government accelerated the creation of a cash transfer programme in the scope of the Angolan social protection strengthening programme. The pilot phase is projected to begin in May 2021 and is envisaged to grant 8,500 Angolan kwanza to the 1,608,000 families identified in the 2018 survey on multidimensional poverty in municipalities. The municipalities of Nzeto (Zaire), Cambundi Catembo (Malanje), Cacula (Huila), Cuito Cuanavale (Cuando Cubango) and Ombadja (Cunene) are currently set to benefit from the pilot phase of the programme, and families in these municipalities will be able to access this social benefit for 12 months. The scheme is expected to reach 300,000 families by 31 December 2020, including the 5,000 families included in the pilot phase. In its initial iteration, the programme was designed to only cover cash-poor families, but the programme is now being adapted to extend the benefits to other vulnerable groups, such as older adults and people living with HIV/AIDS and other diseases, and to adjust the amounts granted.

The Ministry for Social Action, Families and Gender Equality has developed an initiative that involves the distribution of basic food baskets to families in certain municipalities to help them to meet their dietary needs. The basket contains rice, beans, sugar, salt, flour and cooking oil. Each family will also receive hygiene products such as bleach and soap to help them to take preventive measures against coronavirus (COVID-19) and avoid infection.

Following the declaration of the state of emergency, a state of crisis was declared, which has already been extended eight times and has seen restrictions repeatedly eased and tightened.

During the penultimate period of restrictions, which were in force until 10 January 2021, it was decided that public markets and street trade – including individual street vendors – could operate from Tuesday to Saturday (five days a week) between 6 a.m. and 3 p.m. Goods and services could now be provided between 7 a.m. and 9 p.m. every day at shops including convenience stores, while restaurants and similar businesses could open for dine-in food service between 6 a.m. and 9 p.m., provided that they limited their occupancy to 50%, followed hygiene regulations, ensured physical distancing between customers and allowed no more than four people to sit at one table. Takeaway and home delivery services were permitted to operate every day between 6 a.m. and 10 p.m.

Government services were permitted to operate across Angola between 8 a.m. and 3 p.m. and private sector administrative services were permitted to operate between 6 a.m. and 4 p.m., although both sectors were limited to 50% of their usual staff numbers.

Bank opening hours were also extended to 5 p.m. between 21 and 31 of December, with up to 75% of their usual staff numbers.

Public and private services were advised to favour teleworking or other remote ways of working wherever possible.

The decree provided for exceptions for port and airport services and connected services, customs offices, defence and security entities, health and digital communications services, media outlets, energy and water services and refuse collection services, all of which were permitted to be fully staffed.

Public and private urban and interurban passenger transport services were permitted to operate at up to 75% of their maximum occupancy.

Countries such as Brazil and Cabo Verde designed direct support measures in the form of cash transfers to informal workers (Cabo Verde also provided nutritional support). According to officials, in Angola the provision of financial resources in the form of microcredit is currently being studied as a way to incentivize conversion from the informal to the formal market. The view is that the time is right to restructure and accelerate the formalization of informal activities.

In the 2020 Q4 Employment Factsheet, the INE reports that labour market indicators show significant evidence of the impact of the COVID-19 pandemic. According to the INE, people categorized in previous quarters as unemployed and those who have lost their jobs as a result of the COVID-19 pandemic can be classed as economically inactive in this quarter. Inability to take up work for reasons related to the pandemic may have led to the growth of the inactive population.

The measures implemented have had a range of immediate effects of the work of and access to income by informal workers, many of which are not mentioned here. One of the most significant examples was the total suspension of some activities during the state of emergency, such as the work of motorcycle taxi drivers (an occupation carried out by tens of thousands of young people in Angola) and traders involved in cross-border trade. This has also been the case for some traders in certain markets that have been closed who have not had the opportunity to relocate their work elsewhere.

Most businesses in the informal sector, even those that have continued to operate under some restrictions (such as some market traders and street vendors) have had fewer customers as a result of the pandemic. Restrictions and social distancing, as well as reduced working hours, have encouraged clients to avoid informal markets, especially those in areas with the highest population densities. Demand for their goods has therefore reduced and any goods in storage may be going to waste. Upstream, the enterprises supplying the informal sector are facing greater difficulties and higher supply costs the longer the measures stay in place, which is reflected in the increased cost of merchandise. Access to public transport is also reduced as a result of the restrictions. Travel times to and from work have been affected, leading to increased transport costs and delays in starting work.

Overall, the most evident immediate effect has been the general drop in income – or total loss of income for some, such as motorcycle taxi drivers – associated with an accelerated loss of purchasing power in the light of currency depreciation and the price hikes (underpinned by a whole range of speculative processes) applying to everything from food products to medicines, gas, water and transportation, as observed during the four-day suspension of the temporary border between provinces to allow people to travel to their home province.

Another significant process has been the informalization of formal workers who have temporarily lost income. University lecturers at various higher education institutions who have lost all income during the suspension of teaching activities have resorted to using their privately owned vehicles to enter the passenger transport market as an alternative source of income.

Conversely, formal and informal workers with the ability to speculate on consumer needs (for example, wholesale traders and water tank owners) have broken new ground in terms of income-generating activities thanks to the government's inability to control maximum sales margins, which has worsened inequality.

Initiatives have also emerged to help businesses to adapt to the crisis (for example, helping designers, tailors and seamstresses to produce masks) and to help traders working in supply and consumption centres to sell alcohol-based hand sanitizer or traditional azul e branco soap.

Informal workers have also been unable to take many of the precautions suggested by the health authorities such as social distancing, handwashing, mask usage and self-isolation. It is very difficult to ensure social distancing among workers at crowded informal markets since it demands a level of logistical organization that market officials and local governments do not have the resources to implement. Traders work close to one another at markets without walls to separate them. This is also observed in informal sectors such as vehicle repair, metalwork and public transport (most notably local taxi vans named *candongueiros*) despite the rule established during the state of emergency limiting maximum occupancy to one-third of full capacity. Maintaining hand hygiene by washing them with soap and water can also be a problem because many commercial and residential areas with high population densities lack water points and basic sanitation infrastructure and because water has not been distributed as efficiently as promised. Homeworking has also proved difficult as most informal workers live in informal settlements where there is insufficient space to work, and many others have jobs that require them to work on site in direct contact with their customers.

In Angola, as in most sub-Saharan African countries, traders provide the majority of food to the urban poor, thereby ensuring the food supply of people living on the periphery of urban areas. These workers provide income to agricultural workers and nutrition to poorer consumers and supply resources to essential urban services. Limiting their ability to carry out their activities can pose a risk to the sustainability of periurban food supply systems, particularly in large cities with high population densities like Luanda. Informal food traders in Angola are often excluded from traditional safety nets enjoyed by formal sector traders, including sick leave and pensions. They mostly rely on rotating credit and savings associations (*kixiquila*), neighbourhood associations and funeral assistance groups to provide support in the event of emergencies. These ad hoc social protection mechanisms are at risk of becoming ineffective when faced with systemic emergencies such as COVID-19. On balance, it is quite likely that the levels of vulnerability, risk exposure and poverty affecting the population connected to informal activity is likely to grow while the restrictions established in the state of emergency and state of crisis remain in force.

A survey of 48 informal workers from eight segments of activity in the Kifika and Golfe markets in Luanda during the last week of November and the first week of December 2020 revealed the main obstacles to their work caused by the COVID-19 containment measures and a near-total lack of targeted support.

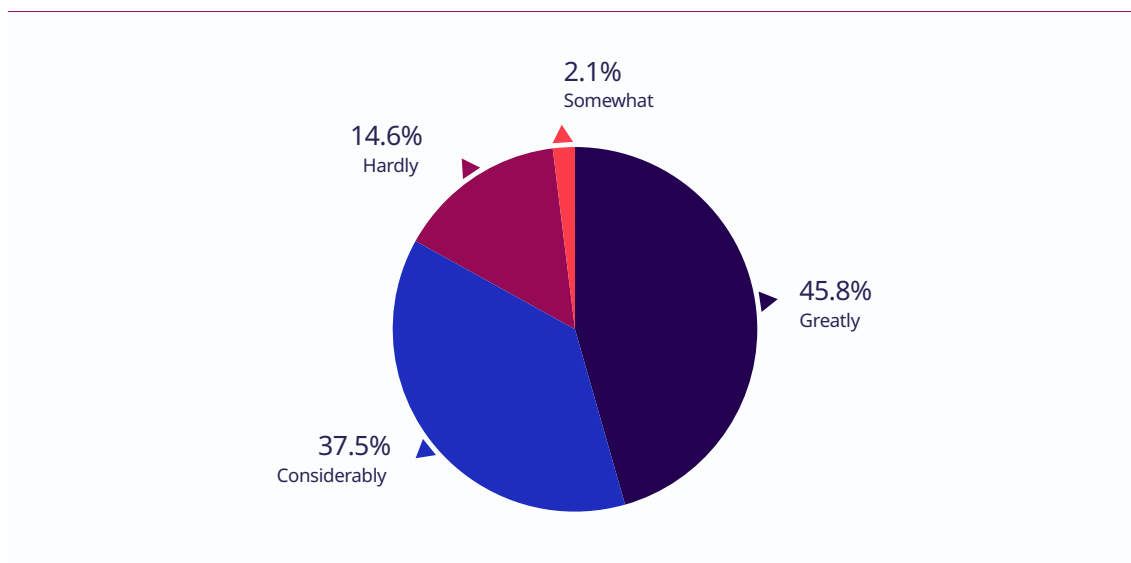
The activities covered included the sale of agricultural products, the sale of processed food products, the sale of second-hand clothing, the sale of household goods, electrical/electronic appliance repair, goods transportation (*roboteiros*, or carters), passenger transportation (*kupapatas*, or motorcycle taxi drivers) and currency exchange (*kinguilas* and *doleiros*, or currency traders).

Of those surveyed, 62.5% were women and 37.5% were men and most were aged between 18 and 36 years (66.7%). Most respondents had low levels of education (33.3% were able to read and write, while 29.2% were illiterate). Most respondents had been born in the province of Luanda (41.67%) and a significant proportion had been born in the provinces of Huíla (16.67%) and Uíge (10.42%).

Of those surveyed, 87% had begun working before the age of 25 and 77.1% had been in their line of work for 1 to 13 years. Less than half (41.7%) paid no charges to carry out their work. They mostly spent their income on housekeeping and their children's education (39.6%), subsistence (35.4%) and supporting their families (16.7%).

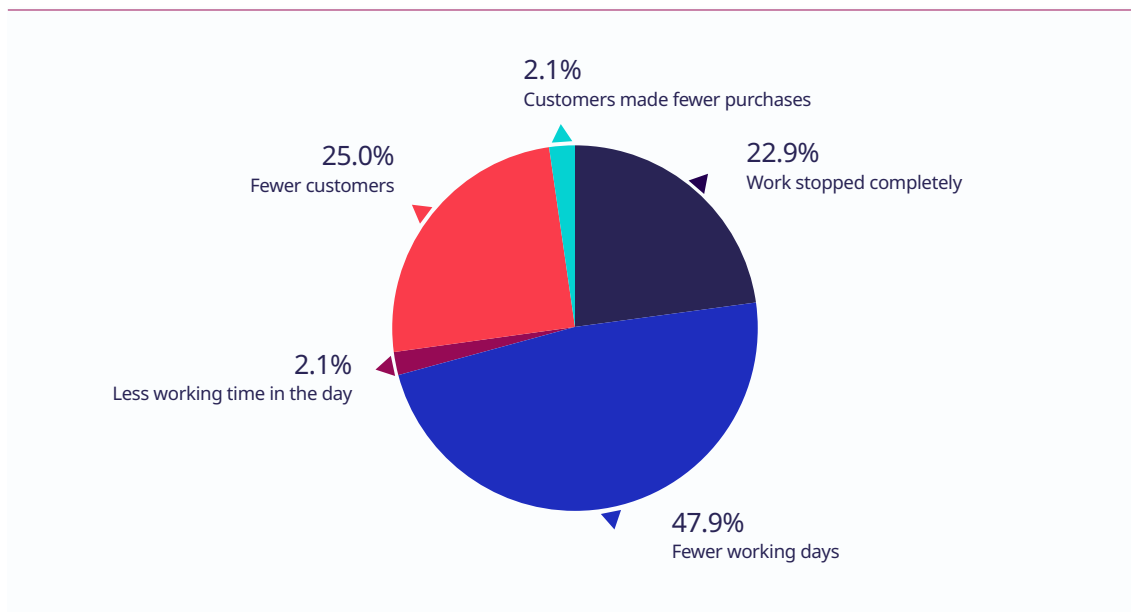
The impact of the measures implemented in response to the COVID-19 pandemic affected 62.5% of respondents greatly, considerably or somewhat, while only 37.5% had hardly been affected.

► Graph 1 – Impact of restrictions on the activities of respondents (%)



Reduced working days (47.92%), fewer customers (25%) and the total suspension of activities (22.92%) were the ways in which respondents felt they had most been affected.

► Graph II – In what ways have COVID-19 restrictions affected the activities of respondents? (%)



When asked about impact on income, 45.8% of respondents said that their income had been greatly reduced while 50% said that it had been slightly reduced.

► Table 9 - Impact on respondents' income (%)

Impact on income					
		Number	Percentage	Valid percentage	Cumulative percentage
Valid response	Increased greatly	1	2.1	2.1	2.1
	Increased slightly	1	2.1	2.1	4.2
	Reduced slightly	24	50.0	50.0	54.2
	Reduced greatly	22	45.8	45.8	100.0
	Total	48	100.0	100.0	

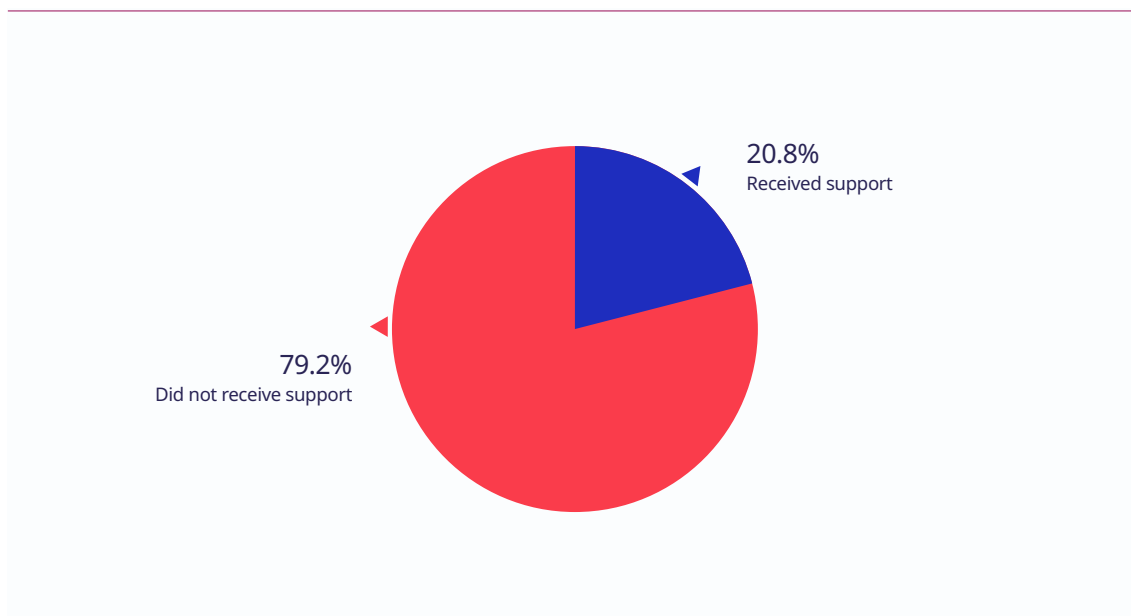
Turning to the impact on their families' living conditions, 41.7% said they had reduced their food expenditure, 22.9% had resorted to family support, 16.7% had needed to take out a loan and 10.4% had reduced their non-essential expenditure.

► Table 10 – How were the living conditions of respondents affected? (%)

Impact on family living conditions					
		Number	Percentage	Valid percentage	Cumulative percentage
Valid response	None	4	8.3	8.3	8.3
	Need to resort to family support	11	22.9	22.9	31.3
	Need to take out a loan (<i>kilapi</i>)	8	16.7	16.7	47.9
	Reduced non-essential expenditure	5	10.4	10.4	58.3
	Reduced food expenditure	20	41.7	41.7	100.0
	Total	48	100.0	100.0	

Of the 48 respondents, only 20.83% reported that they had received any kind of support (mostly food support) during the pandemic.

► Graph 3 – Support received by respondents during the pandemic (%)



This support was mostly provided by organizations and associations of informal workers and by NGOs (63.6%), while only 36.4% of those who said they had received support said that it had been provided by the government.

► Table 11 – Organizations providing support to respondents (%)

Organization providing support during the pandemic					
		Number	Percentage	Valid percentage	Cumulative percentage
Valid response	Government	4	8.3	36.4	36.4
	NGO	3	6.3	27.3	63.6
	Workers' organization or association	4	8.3	36.4	100.0
	Total	11	22.9	100.0	
Omitted response	System	37	77.1		
Total		48	100.0		

1.5 Informality, productivity and economic growth in Angola

The Southern Africa Economic Outlook 2020 report noted that the decline in the productivity levels in the region over the previous decade was due to: (i) a disconnect between wages and productivity and skill mismatches in the labour market; (ii) industry changes and higher productivity of smaller, previously less productive enterprises; and (iii) increased worker protection through labour laws and the rise of bargaining councils. The report also indicated that skills shortages are among the main barriers to the development of industry in the region, for instance in Mozambique and South Africa. These factors reduce competition and increase the average cost of doing business, making the region less competitive compared to Asian economies. Given the link between productivity and economic growth, countries in the region have to increase their investments in human capital and physical infrastructure (especially transportation) and promote innovation.

The report also observed that while productivity led to positive growth rates in Angola between 2012 and 2014, the country has reported negative growth each year since 2015.

► **Table 12 – Angola: Productivity growth rate 2011–2020 (%)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Angola	-2.4	4.8	1.3	1.1	-2.7	-6.0	-3.7	-5.6	-4.0	-2.6

Source: Southern Africa Economic Outlook 2020.

This development aligns somewhat with the increase of national wealth; after reporting 4.5% growth between 2011 and 2015, Angola has reported negative growth rates each year from 2016 (2.6% in 2016, 2.5% in 2017, 1.2% in 2019 and -0.9% in 2019).

Low productivity is a real problem. In an economy structured like Angola's, the informal economy "drags down" productivity indicators in the formal sector, which are already poor.

This theory has been confirmed by the results of a survey of formal and informal units in Luanda and Benguela, which covered eight segments of activity (see [Table 13](#)).

► Table 13 – Sector of activity and type of economic unit

Type of economic unit				
		Formal	Informal	Total
Sector of activity	Agriculture and related activities	2	0	2
	Manufacture	1	6	7
	Wholesale and retail	7	5	12
	Transportation and warehousing	7	5	12
	Accommodation and food service	2	4	6
	Real estate	0	6	6
	Education and training	0	6	6
	Other services	1	23	24
Total		20	55	75

Of the 75 economic units surveyed, 73.33% were informal units and 26.67% were formal units. Wholesale and retail trade and transportation and warehousing accounted for most (70%) of the responses from formal units (seven units in each category), while “other services” represented 46% of the 55 informal units that took part in the study.

► Table 14 – Sector of activity and size of unit

Size						
		Micro enterprise	Small enterprise	Medium-sized enterprise	Large enterprise	Total
Sector of activity	Agriculture and related activities	0	2	0	0	2
	Manufacture	4	2	1	0	7
	Wholesale and retail	2	4	4	2	12
	Transportation and warehousing	4	6	2	0	12
	Accommodation and food service	2	1	3	0	6
	Real estate	1	4	1	0	6
	Education and training	2	4	0	0	6
	Other services	22	2	0	0	24
Total		37	25	11	2	75

Of the enterprises surveyed, 49.33% were micro-enterprises, 33.33% were small enterprises, 14.67% were medium-sized enterprises and only 2.7% were large enterprises. Both enterprises from the agricultural sector were small enterprises, while both large enterprises surveyed belonged to the wholesale and retail sector.

► Table 15 – Problems caused by the state of emergency

Type of economic unit			
Problems caused by the state of emergency		Formal (Number of enterprises)	Informal (Number of enterprises)
Fewer working days than usual	No	15	54
	Yes	5	1
Fewer orders than usual	No	12	48
	Yes	8	7
Fewer customers than usual	No	3	2
	Yes	17	53
Difficulty in paying suppliers	Yes	14	33
	Yes	6	22
Difficulty in paying creditors	No	20	54
	Yes	0	1
Difficulty in paying the government	No	17	55
	Yes	3	0
Wage arrears	No	18	10
	Yes	2	45
Dismissal of workers	No	14	32
	Yes	6	23

The most significant outcomes of the restrictions reported by the 20 owners of formal units surveyed were fewer customers (17 respondents), fewer orders (8 respondents), dismissal of workers (6 respondents), difficulty in paying suppliers (6 respondents) and fewer working days (5 respondents). Among the 55 informal units surveyed, the main problems resulting from the state of emergency were fewer customers (53 respondents), wage arrears (45 respondents), dismissal of workers (23 respondents) and difficulty in paying suppliers (22 respondents).

► Table 16 – Number of workers and average monthly productivity by type of economic unit

Type of economic unit		Average number of workers in normal times	Average number of workers after the state of emergency was declared	Workforce productivity	Workforce productivity after restrictions
Formal	Number	20	20	20	20
	Mean	74.25	53.30	239 483.27	225 036.51
Informal	Number	55	55	55	55
	Mean	10.56	9.05	139 912.15	113 745.40
Total	Number	75	75	75	75
	Mean	27.55	20.85	166 464.45	143 423.03

Table 16 reveals that the average monthly productivity of informal units was lower than among formal units before and after the COVID-19 restrictions were implemented. The average productivity of informal units corresponded to 58.42% of the average productivity of formal units before the restrictions and 50.55% after the restrictions.

► Table 17 – Number of workers and average monthly productivity by size of economic unit

Size		Average number of workers in normal times	Average number of workers after the state of emergency was declared	Workforce productivity	Workforce productivity after restrictions
Micro enterprise	Number	37	37	37	37
	Mean	6.03	5.03	145 966.04	106 220.66
Small enterprise	Number	25	25	25	25
	Mean	20.40	18.40	131 671.61	147 820.22
Medium-sized enterprise	Number	11	11	11	11
	Mean	72.09	62.55	283 112.84	227 368.85
Large enterprise	Number	2	2	2	2
		270.00	115.00	339 029.18	315 000.00
Total	Number	75	75	75	75
	Mean	27.55	20.85	166 464.45	143 423.03

Table 17 reveals that the average monthly productivity of economic units increased in line with the size of the economic units. The only exception to this finding was the observation that average monthly productivity was lower among small enterprises than micro-enterprises before restrictions were introduced. This may be linked to the credibility of the information provided on income or the number of workers.

► Table 18 – Number of workers and average monthly productivity by sector of economic activity

Sector of activity		Average number of workers in normal times	Average number of workers after the state of emergency was declared	Workforce productivity	Workforce productivity after restrictions
Agriculture and related activities	Number	2	2	2	2
	Mean	32.00	27.00	198 578.10	349 950.12
Manufacture	Number	7	7	7	7
	Mean	31.00	29.71	26 574.61	20 840.10
Wholesale and retail	Number	12	12	12	12
	Mean	69.42	40.00	155 432.03	166 533.37
Transportation and warehousing	Number	12	12	12	12
	Mean	31.33	30.08	376 264.89	305 628.53
Accommodation and food service	Number	6	6	6	6
	Mean	50.67	36.17	49 513.89	33 670.63
Real estate	Number	6	6	6	6
	Mean	11.83	10.33	242 436.87	130 784.93
Education and training	Number	6	6	6	6
	Mean	12.83	11.50	52 565.49	87 121.73
Other services	Number	24	24	24	24
		5.17	4.71	143 924.77	113 980.82
Total	Number	75	75	75	75
	Mean	27.55	20.85	166 464.45	143 423.03

Table 18 reveals that average monthly productivity among economic units is generally higher in sectors in which formal enterprises predominate, such as agriculture (both agricultural enterprises surveyed were formal units), transportation and warehousing and wholesale and retail trade. The manufacturing industry reported the lowest level of average monthly productivity, which is linked to the fact that the enterprises surveyed were generally bakeries. In the real estate and education and training sectors (all of which were informal units), the productivity gap reflects the income-generating characteristics of these enterprises rather than the number of workers.





► Methodology

The proposed methodology takes into account the diverse nature and complexity of informality. The informal economy encompasses many different realities and plays an important socio-economic role in the Angolan context. However, it is also associated with marked deficits in labour rights, working conditions and secure and sustainable jobs, which creates an obstacle to the promotion of decent work and business productivity.

The qualitative and quantitative data collection methods used include a literature review, documentation analysis, interviews with key informants and a survey administered to formal and informal economic units.

The fieldwork was carried out in Luanda. To reach the other cities involved in the study, we took advantage of mechanisms such as support from the provincial branches of the Angolan Chamber of Commerce and Industry (CCIA) to overcome the barriers to mobility imposed by the evolving situation arising from the COVID-19 pandemic.

The COVID-19 pandemic was an additional obstacle to the achievement of the goals set in the methodological note regarding the meetings that we had planned to hold with key informants and focus groups.

The state of national crisis, which is still in force, has resulted in the temporary slowdown or limited provision of goods and services, especially nonessentials, as well as restrictions on free movement – for instance, the temporary border around Luanda – and the opening of schools except primary schools. In the fourth quarter of 2020, 17 out of the 18 provinces in Angola worked with 75% of the usual labour force, a figure that was only 50% in Luanda. The current circumstances led to the unavoidable adoption of public health measures that prevented informants from participating in meetings.

We were therefore only able to carry out five of the 25 interviews planned, four of which were held with representatives of organizations (MEP, MAT, AGT and UNDP) and one with an academic/specialist. We had hoped to interview a further six stakeholders, which did not happen despite efforts made to that end.

The interviews with key informants were carried out using an interview script and each lasted an average of one hour. On occasions when it was not possible to carry out the interviews in person, they were conducted via video conference. As a last resort, we carried out written interviews by email. The aim of this process was to collect stakeholder perspectives on the socioeconomic importance of the informal market in Angola, its main determinants, the linkages that it has established with the formal sector, the obstacles it faces and the outcomes needed to increase the efficiency and productivity of the business landscape and the economy, and to learn from institutional representatives about actions taken to formalize informal activities.

We were unable to hold any of the planned focus groups of specialists (one focus group of employers, one focus of trade unions and two focus groups of members of employers' associations). The four discussion groups would have been given a series of issues to stimulate discussion, and would have been organized with the support of the CCIA. The objective was to collect information about the main challenges that informal activities posed to the work and effectiveness of formal organizations to identify the most affected sectors and the sectors that would be most easy to formalize, as well as obtaining support and ideas to underpin the design of a strategy, guidelines and relevant initiatives and encourage informal units to formalize. Since we were unable to hold these focus groups, we chose to directly contact employers' associations. We received responses from three of the eight employers' associations contacted: CCIA, FMEA (Angolan Federation of Women Entrepreneurs) and AHORESIA (the Angolan Association of Hotels, Restaurants and Hospitality Businesses). The CCIA supported our work and mobilized the employers' associations in different ways.

We were also unable to hold three discussion groups with informal operators organized with the help of the Federation of Women Entrepreneurs and organizations representing informal operators. The aim of these discussion groups would have been to identify the main effects of the COVID-19 pandemic on the lives and working conditions of informal operators using questions that would have helped us to understand how the declaration of the state of emergency, COVID-19 restrictions and social isolation had affected their working conditions (e.g. authorizations/conditions to be met to carry out their activities, reduced working days/hours, difficulties in accessing suppliers, travel, costs relating to hygiene measures and price rises), as well as the effects on elements such as the demand for their work, their income, their ability to meet basic family needs and the ability of their family members to keep contributing to the household budget.

Quantitative data were obtained from documents, studies, reports and information specifically requested for the purposes of this study from officials within the government, institutions and organizations.

In this context, we conducted a broad literature review, covering in particular ILO publications on informality, decent work and formalization, as well as key policy documents on economics, labour and employment, social protection and entrepreneurship. Special attention was paid to measures taken by the Angolan government to characterize and monitor informality. We also analysed studies, reports and other documents produced by Angolan stakeholders (government, employers, workers, trade unions, nongovernmental organizations and other civil society organizations, including scientific and academic studies).

In line with ACTEMP's view (which is gaining momentum among employers' organizations) of Africa's informal sector as the by-product of an extended period of low productivity growth and rapid population growth, we sought to test an econometric model able to analyse how far the expansion of the informal sector in Angola is linked to weaknesses in productivity and restricts economic growth.

The approach will be based on macroeconomic data requested from the INE (household survey), using a simple logit model that allows us to work with a dependent variable that differentiates between formal and informal units to assess their relationship with demographic variables and socio-economic conditions, including correlation with productivity.

Since the INE did not provide the requested data needed for econometric modelling, we chose to carry out two surveys on the ground with informal units with fixed premises and operators in informal markets.

The first survey was carried out by two university students under the consultant's supervision. The aim of this survey was to gather information from 55 informal establishments with fixed premises in different neighbourhoods of Luanda. The same survey was also used with micro, small and medium enterprises affiliated with the CCIA in different provinces. Despite the best efforts of the CCIA leadership team and the consultant, the provincial branches of the CCIA were only able to help us obtain responses from 14 surveys in the province of Benguela and 2 surveys in the province of Luanda. The consultant carried out a further four surveys with formal enterprises in Luanda. We obtained a total of 75 survey responses: 61 in Luanda and 14 in Benguela. Twenty of these came from formal enterprises and 55 from informal establishments. The imbalance in the sample (formal versus informal and Luanda versus Benguela) meant that it was inadvisable to carry out a econometric model estimation, and the data were therefore handled using descriptive statistical procedures, univariate analysis and cross-tabulation.

The second survey targeted workers in two markets in Luanda (Kifika and Golfe). Its objective was to understand the impact of the measures resulting from the fight against COVID-19 on the work, income and living conditions of workers in the markets. The survey had 48 respondents working across eight sectors of activity: sale of agricultural products, sale of processed food products, sale of second-hand clothing, sale of household goods, electrical/electronic appliance repair, goods transportation (*roboteiros*, or carters), passenger transportation (*kupapatas*, or motorcycle taxi drivers) and currency exchange (*kinguilas and doleiros*, or currency traders).



► The social, sociological, economic and institutional factors concerning the development of the informal sector in Angola

The determinants of informality include sociodemographic factors, the cost of formalization and institutional shortcomings among others. Informality in Angola emerged in association with the breakdown of the economic system inherited from the final years of the colonial period, the impact of the effects of long-term military conflict, the characteristics of the centralized and administrative political and economic model that prevailed from 1977 to 1992, the profit-oriented nature of the accumulation model and the adoption of macroeconomic policies that clearly facilitate and promote informality. Most recently, sociodemographic factors have had a considerable impact on the barriers linked to the cost of formalization and the shortcomings of institutions. Compulsory and voluntary migration (which have accelerated urbanization and led to the creation of informal settlements), low wages, poor and precarious working conditions, poverty and insufficient formal job creation have forced the population to find alternative ways to make a living.

According to the 2020 National Strategy for the Transition from the Informal Economy to the Formal Economy, the factors feeding the expansion and scale of informality in Angola can be separated into four groups:

- a) The impact of macroeconomic public policies, including the increase in population pressure, issues relating to the registration and identification of Angolan citizens, the inadequacy of the legal framework, the costs associated with tax payments, the informal economy's contribution to the survival of many families, stagnation in decentralization and local development processes, and the ineffectiveness of small-scale, low-impact formalization measures;
- b) The impact of measures to support informal workers in transitioning to the formal market, which stems from the inexistence of a formal definition of an informal worker, the limitations of the education and vocational training system, limitations in the market (especially the gendered division of labour and other gender issues), limited mandatory and voluntary social security coverage, and failures of labour oversight processes and law enforcement;
- c) The impact of measures to support informal economic units in transitioning to the formal market, which stems from the inexistence of a formal definition of an informal economic unit, lack of discipline in economic activities, insufficient coverage and ineffective actions in support of entrepreneurship, difficulties in accessing microfinance and microcredit, the lack of an appropriate tax scheme for informal economic units, and poor response capacity among technical support services and employer representatives;
- d) Levels of joint work, governance and social dialogue, alongside the lack of a vision and shared strategy on the transition to the formal market, the lack of a framework coordinating public policy at the central and local levels, the lack of a comprehensive transition agenda involving key actors and local stakeholders, the lack of a joint plan of action to effectively support efforts towards formalization, and the limited resources available to support efforts towards formalization.

► Analysis of the impact of the informal sector's predominance on the effectiveness of national development strategies

The informal economy is generally associated with low productivity, poverty, high unemployment and slower economic growth. It is also more prevalent in low-income countries since progress in economic development facilitates the transition of workers to the formal sector. At the same time, informality provides work and income to people who may otherwise not find work and can supplement income from regulated employment in the formal sector.

The challenge before the authorities is to create an environment in which the formal sector can prosper while simultaneously creating opportunities for informal sector workers to maintain or improve their living standards. This can be achieved through measures such as reducing the cost of doing business, fighting corruption and improving access to finance and services.

The existence of a large informal economy affects the effectiveness of economic policy and public policy in general.

Significant tax gaps jeopardize the success of redistribution policies aimed at financing qualitative and quantitative improvements in public services, which in turn hinders economic growth.

However, if activities in the official economy are complemented by activities in the informal economy, the extra income generated through the informal economy is at least partly spent in the official economy through the acquisition and consumption of goods and services.

Activities carried out by informal operators and enterprises can generate incentives for formal enterprises and individuals by stimulating creativity and innovation, while also expanding the market's offer with additional informally produced goods and services.

Failure by the authorities to take into account the cost advantages for producers working in the informal economy could lead to the distortion of competition regulations in some markets and destructive competition.

Political decisions are generally based on officially published data that do not take into account informal operators and economic units, meaning that economic policies on stabilization, redistribution and the tax system run the risk of generating an impact that is far from the desired outcome. Furthermore, an insufficient understanding of the different realities that constitute the informal economy, as well as the relationships that link these realities with the official economy, is likely to cause problems in relation to the flows of information aimed at informal market consumers and producers contained in targeted public policies, given the lack of transparency and institutional organization observed in the "unofficial" economy.



► Analysing the relationships between the formal and informal sectors in Angola

Schneider (2010) and Schneider and Enste (2000) emphasize that the official part of the economy could never function efficiently if it were totally disentangled from the unofficial part. An OECD study highlighted that the informal economy is in continuous competition with the official economy; however, according to Lubell (1991) and Schneider (2005), the formal and informal economies also complement one another. Other studies by Besozzi (2001) and Schneider (2005) note that the unofficial economy has an undeniable influence on the efficient operation and development of the official economy.

Studies by Schneider (2005), Williams and Schneider (2016) among others have shown that interaction between the official and unofficial economies does occur, although the outcomes remain controversial as to whether the positive effects outweigh the negative effects or vice versa. As these effects always depend on the size of the unofficial economy in question and the intensity of the interaction between the formal and informal sectors in a specific country's economy, this can only be determined on the basis of an in-depth empirical analysis for the country in question.

The integration of the unofficial economy into macroeconomic models has made it possible to establish fiscal and monetary policy linkages between the two segments of the economy, which should be taken into account when designing fiscal and regulatory policies. The presence of an unofficial economy tends to exacerbate the inflationary effect of a fiscal or monetary stimulus and often underestimates the effects of unemployment. When the growth of the two segments of the economy are positively correlated, a fiscal expenditure policy creates a positive stimulus for the formal and informal economies alike. The informal economy generates benefits in the extent to which it responds to demands in the economic environment for urban services and small-scale manufacture. It can also bring a dynamic and entrepreneurial spirit into the economy, strengthening competition, increasing efficiency and imposing effective limitations on government activities.

The different segments of the informal economy help to create markets, increase financial resources and transform the legal, social and economic institutions needed to generate funds. Furthermore, a substantial proportion of income earned in the informal economy is spent in the official economy, boosting demand in the official economy. This expenditure tends to increase expenditure on private consumption as well as tax receipts, although mostly indirectly.

In a study on Pakistan, Mughal and Schneider (2019) concluded the effects may vary in different countries in accordance with differences in economic structures in the formal and informal sectors. Dell'Anno (2008), studying Latin American countries, observed a positive relationship between GDP growth and the growth of the unofficial economy.

These authors suggest that, in the short term, the unofficial economy may pose a problem as the resultant tax evasion creates a higher tax burden on the official sector, thereby generating a negative impact. However, the unofficial economy may have a positive impact on economic growth in the long term since, in developing countries with high population growth and a large proportion of the population in situations of deprivation and unemployment, the informal economy is a source of refuge and survival that generates productive work and income.

Despite this, we cannot ignore that in certain situations the informal economy coexists with, fuels and is fuelled by illegal activities.

The employers' associations consulted highlighted the competitive dynamics between the official economy and various segments of the informal economy in the context of unfair competition and the negative impact on consumer rights.

Similarly, according to the Angolan tax authority (Autoridade Geral Tributária), the impact and influence of informality on the formal sector is visible, especially in the case of enterprises in the financial sector, in which there is an interdependent relationship between official exchange rates and informal sector exchange rates, which has an effect on the acquisition of goods and services by enterprises in the official sector. For example, the establishment of sale prices for imported products is largely at the mercy of these factors. The exchange rate liberalization process has led to a situation in which the (in)formal market defines the official rates. Moreover, failure to comply with legal obligations such as the payment of taxes and social security contributions is generating unfair competition for the formal sector. Formal enterprises are expected to follow myriad organizational processes, which often drives them to the informal sector as they left with the impression that informality is the better option".

The Angolan tax authority has identified wholesale and retail trade and currency exchange as segments in which the presence of the informal component is most keenly felt. It has also highlighted the food and beverage sector as a critical sector, given the potential risks to human health from the sale of products without prior quality control and monitoring of chemical substances in products and from poor hygiene and phytosanitary conditions at business premises.



► Analysis of the initiatives in place to support, promote and restrict the informal sector

For many years, the relationship between the government and the informal sector has appeared ambiguous, oscillating between periods of suppression and periods of tacit consent. Despite its growth and its social and economic importance, the phenomenon is rarely mentioned in official discourse, except during the period of political and economic centralism in which the “parallel” economy was criminalized.

The Angolan government’s relationship with the informal economy has been characterized by the inexistence of political guidance specifically aimed at the informal sector, the promotion of case-by-case actions and an ambiguous and ambivalent approach that shifts back and forth between suppression and tolerance. (Lopes, 2014)

During the 1980s, the government adopted a series of repressive measures against the informal market. It was during this time that the Banga Suma market in the area of Prenda was destroyed by police. The Cala-a-Boca and Tira Bikini markets were also destroyed, and in 2004 the Estalagem, Kinaxixe and Rocha Pinto markets were closed down. (Lopes, 2014)

In 2006, the government sought to formalize the markets through plans to restructure the commercial supply network, which included its Programme to Restructure the Logistics and Distribution System for Essential Products – New Commercial Network, as mentioned by the Ministry of Trade (2015).

In this scope, four new markets were created in Luanda, financed by a line of credit from China: Asa Branca in Cazenga, Palanca in Kilamba Kiaxi, Kifica in Benfica and Vidrul in Cacuo. (Lopes, 2014)

Between 2008 and 2014, a series of government interventions were implemented in efforts to regulate the informal market. (Lopes, 2014)

During this period, the Roque Santeiro market – a market that had played a fundamental role in supplying the city of Luanda for around 25 years – was closed down, and the Panguila market was opened in September 2010 to replace it. The purpose of this measure was to improve the public health and safety conditions of consumers and informal market actors. (Lopes, 2014) However, this strategy has not been expanded since few consumers and informal market actors have used this market.

In 2012, the Supporting Small Businesses scheme (PROAPEN) was launched in the scope of the My Business, My Life programme. The scheme provided state-funded microcredit and training to entrepreneurs and mostly supported enterprises in the retail and service provision sectors as well as motorcycle taxi operators. Its success was limited for a number of reasons: the credit risk was exclusively borne by the government, the entrepreneur one-stop shops (BUE, from the Portuguese *Balcão Único do Empreendedor*) established were not fully functional, the formalization process involved long lead times and much of the funding provided involved amounts close to the envisaged credit ceilings.

The National Development Plan 2013–2017 marked a break with this strategy as it specifically considered the existence, size and socioeconomic importance of informal activities and the need to work towards formalization. Section 6.6.3 (promotion of entrepreneurship and development of the private sector) of the plan described the development of initiatives concerning micro, small and medium enterprises and entrepreneurship at the national level among the measures taken in previous years to promote private investment, highlighting Law No. 30/11 of 13 September on micro, small and medium enterprises, the Supporting Small Businesses scheme and the creation of the BUE one-stop shops. Paragraph v) of this section points to the Informal Economy Conversion Programme (PREI), which encompasses the

Supporting Small Businesses scheme and the strengthening of microcredit, as a policy measure yet to be implemented. The National Development Plan 2013–2017 provides details of the objectives and policy measures associated with the Informal Economy Conversion Programme. Its main objectives are: to reduce the level of informality in the Angolan economy; to enhance the safety of businesses currently working in the informal market; to combat hunger and poverty; to promote decent working conditions; to help to ensure consumer safety; to improve government tax revenue; and to increase the use of banks nationwide. The policy measures to be actioned are as follows: i) create legal personhood for owners of individual micro-enterprises; ii) review and update the labour legislation to accommodate new informal sector workers; iii) ensure that various government bodies adopt organizational measures; and iv) implement a training and skilling programme for owners of micro-enterprises. The Informal Economy Conversion Programme will be implemented in the scope of the National Development Plan 2013–2017 through the following measures: 1– reviewing/updating legislation to regulate the registration and exercise of activities of individual owners of micro-enterprises; 2– reviewing/updating labour legislation to regulate the registration of informal workers to enable them to enjoy social security benefits; 3– finalizing the structure of the formalization model for micro-enterprises to simplify the process and remove bureaucracy; 4– reviewing/updating the regulations governing the activities of informal sector operators to define the basic rules applying to their work; 5– developing a charter containing the rights and obligations of informal sector workers; 6– developing a system to identify and register informal market agents; 7– creating solidarity groups to foster cooperation; 8– consistently and uniformly developing existing lines of microcredit and opening new lines of credit for cooperatives; 9– supporting efforts to modernize, formalize and expand activities through a programme providing labour toolkits to small businesses; and 10– establishing temporary and permanent marketplaces to enable some street vendors to set up fixed premises.

The Informal Economy Conversion Programme (PREI) was launched in 2014 in the scope of the My Business, My Life programme under the auspices of the Ministry for the Economy. This pioneering initiative takes an all-encompassing, integrated and interinstitutional approach to the informal economy with the support of the Ministries for the Economy, Finance and Trade and the National Institute for Small and Medium Enterprises (INAPEM). Its main objective is to promote access to credit, training and formalization. Mechanisms to overcome the obstacles identified in the Supporting Small Businesses scheme (PROAPEN) have been created to achieve this goal. A number of different initiatives have been launched by different institutions – including the Ministry of Trade, Ministry for Public Administration, Labour and Social Security, the Ministry for Families and Women, the Ministry for Veterans and the National Bank of Angola, among others – to encourage the formalization of activities and actors in the informal economy. These interventions run alongside more general actions to tackle informality such as measures to reduce bureaucracy, the removal of obstacles to legal registration and authorization and the issuance of licences for economic activities. Other notable interventions in this vein include efforts to reduce costs through the Angolan citizen support service (SIAC) and the companies bureau (GUE); foster entrepreneurship and support micro and small enterprises through local entrepreneurship and employment support centres (CLESEs) and entrepreneur one-stop shops (BUEs); combat poverty through the PIMDRCP and PROAJUDA poverty alleviation programmes; expand bank usage through the Bankita programme; and establish institutions and mechanisms to increase access to credit and microcredit in particular. However, there has been practically no dissemination of the outcomes of these initiatives, which have been hampered by the fact that they have been implemented without prior studies, on an irregular or case-by-case basis and/or with little interinstitutional coordination or joint work.

These interventions have been implemented in line with existing legislation on micro and small enterprises in specific areas and segments; for instance, in the retail sector, there is existing legislation on market trading, precarious trading and street trading. At the same time, there have been reports of repressive actions from government authorities in some parts of the country and in some segments of activity. Although the economic and social importance of informal activities in some segments is under pressure from restructuring and modernizing processes in the formal sector (as is the case for distribution activities), the informal economy continues to go from strength to strength as an indispensable reality that provides work and income to a substantial portion of Angolan families. This has been

accentuated by slow growth in formal employment, itself aggravated by budgetary problems resulting from the fall in oil prices per barrel and the consequent need to adjust expenditure and planned public investments from 2015 onwards. There is a clear and increasingly urgent need for the government to carefully and closely examine the reality of the informal economy in Angola.

Programmes to promote the transition from an unregulated economy to a formal economy

Business Incubator: this initiative was launched in May 2007 in Luanda by the Ministry for Public Administration, Labour and Social Security to target formal and informal business owners. It comprises a set of services to support the creation of new micro and small enterprises and provide training to current and potential business owners on how to operate in the market and discover new markets.

The Bankita programme: this programme was launched by the National Bank of Angola 2011 in the interest of boosting inclusion in the banking system among the most disadvantaged populations by allowing them open a bank account with a minimum deposit of 100 Angolan kwanza, enabling them to benefit from financial products such as microcredit and discover the benefits of saving.

The PAPAGRO programme to help rural workers to acquire agricultural products: This programme is aimed at rural workers (*camponeses*) and agricultural business owners. This initiative involves the acquisition of agricultural products by the government (financed by the Banco de Poupança e Crédito), which is then responsible for channelling these products to the main consumption centres and logistics and distribution centres. It was adopted in 2013 by the Ministry of Trade with the intention of reaching the entire domestic market.

Informal Economy Conversion Programme (PREI): this initiative was developed by the Ministry for the Economy and targeted informal entities. Its aim was to reduce the levels of informality in the Angolan economy, promote the progressive formalization of informal activities, enhance the safety of informal businesses, combat hunger and poverty, promote decent work and consumer safety, improve tax receipts and increase bank usage nationwide. The programme was grounded in an intervention logic involving government ministries and an approach prioritizing the formalization, training and financing of informal agents.

Supporting Small Businesses scheme (PROAPEN) and entrepreneur one-stop shops (BUE): this scheme was launched in May 2017 by the Ministries for the Economy, Trade, Justice and Finance to target informal workers. The aim of this initiative is to formalize and finance small businesses, with all processes being carried out at business helpdesks.

ILO Recommendation No. 204 advocates for a practical approach to achieve decent work for all and promote inclusive development. It places an emphasis on integrated strategies to facilitate the transition to the formal economy, create new formal jobs and avoid increasing informality, recognizing the key role of statistics to support the quality of political processes. In this sense, it incentivizes Member States to assess and diagnose the factors, characteristics, causes and circumstances surrounding informality in their national contexts to inform and underpin the design and implementation of legislation, regulations, policies and other measures to facilitate the transition to the formal economy.

In a recent study on the informal economy in Angola, F Queiroz (2016) analysed a number of approaches that, while different, all recognized the economic and social importance of the informal economy and the consequent need to factor it into the official economy. The institutionalization of the informal economy proposed by the author revolves around a specific programme that factors in the informal economy in order to capitalize on its potential benefits in a structured manner and thereby contribute to the sustained economic growth and development of the country.

The National Development Plan 2018–2022, which aligns with the UN's 2030 Agenda for Sustainable Development and the African Union's Agenda 2063, makes several references to the informal economy and underscores its relative importance in terms of employment. The informal economy is referred to explicitly in Policy 8: Employment and Working Conditions: "the development of an employment policy for the next few years must also seek to reduce the levels of informality in the Angolan economy and progressively formalize informal activities, thereby helping to promote decent work and uphold workers' rights".

Objective 1 of Programme 2.5.1: Conversion of the Informal Economy focuses on the design and implementation of an integrated response to informality in the economy that can create medium-term structural change based on comprehensive understanding of the informal economy.

The plan also refers to issues relating to the institutionalization of these activities, noting that "own-account employment accounts for the largest portion of the informal economy, which restricts the growth of tax receipts and prevents the markets from functioning as normal. The aim of this programme is to work towards a more appropriate labour market structure and to create fairer conditions for competition, in particular by incentivizing the regularization of economic activities". (MEP, 2018, p. 161)

In line with the National Development Plan 2018–2022, the Ministry for the Economy and Planning developed the Plan of Action to Promote Employability (PAPE) as well as other initiatives such as the Informal Economy Conversion Programme (PREI) and the Programme to Support National Production, Export Diversification and Import Substitution (PRODESI), the latter of which involved the design of an industrial development model to absorb trained workers in the scope of the plan of action. The plan of action was then incorporated into the national strategy to reduce informality.

Its objectives include:

- Fostering and supporting a creative spirit among young people, including established and emerging entrepreneurs;
- Providing young entrepreneurs with technical, vocational and small-business management training;
- Promoting the financial, fiscal and social inclusion of young people;
- Increasing household income and consequently improving the country's socioeconomic development and growth;
- Fostering the development of cooperatives and associations among young people;
- Supporting efforts to combat hunger and poverty;
- Adding value to jobs and careers that are useful to society;
- Encouraging bank usage and financial education among families;
- Supporting conversion from the informal economy to the formal economy; and
- Distributing resource kits to support self-employment and entrepreneurship.

The plan of action is structured around six different programmes:

- **Avanço (Advance)** – short training courses provided in different locations and in accordance with the needs of the target audience, who work in roles that have not been included in the vocational training system and are carried out without strict observance of the technical and technological elements required but provide a source of income for many families;
- **Empreendedorismo (Entrepreneurship)** – a programme designed to develop entrepreneurial and management skills by incentivizing the establishment of new enterprises with innovative ideas in a sustained manner in order to encourage job creation;
- **E-Bumba** – a digital platform that acts as an intermediary between service providers and customers that allows workers in the arts and trades to be hired to provide a service;
- **Fostering self-employment** – a programme to provide entrepreneurs with the equipment and tools they need to carry out their professional activities sustainably and at the quality needed;
- **Microcredit** – an initiative for individuals who are ready to start a business and small-business owners who need a financial boost to support their activities. Access to microcredit is not subject to guarantee and is supported by a subsidized interest rate;
- **Pró-trabalho (Pro-work)** – temporary spaces aimed at improving the working environment for entrepreneurs by championing services that are useful to society within communities. The objectives of this programme include certifying professionals, formalizing businesses and serving customers in a decent, high-quality environment.

These programmes target several groups: young people who are not in employment (especially those seeking their first jobs); young people who have undergone training and need to obtain equipment and tools to carry out an activity generating work and income; young people who are already in work and who need more equipment and tools; young people who are already in work but lack technical knowledge and training in their field; entrepreneurial individuals with business ideas who wish to set up businesses; professionals who need a suitable space to work; and women living in urban and peri-urban areas. The Angolan government has set the following targets: 12,000 individuals trained in entrepreneurship and business management; 15,000 individuals trained on short courses; 10,000 microcredit loans granted; 3,000 young people registered in the formal market through the conversion of small-scale activities that generate work and income; 42,000 professional resource kits distributed; and 1,500 level 3 and 5 trainees registered on vocational training courses.

The plan's aim is to increase the institutional capacity of vocational training centres and public and private employment by improving the organization and operation of quality training and expanding the network of employment and training units. This process is helping to foster and support entrepreneurial initiatives, especially among young people and women. The plan also seeks to add value to careers through the development of professional charters and provide traineeship opportunities.

To date, an estimated 1,226 citizens (mostly young people) have found their first jobs through the general scope of the Plan of Action to Promote Employability, which seeks to create 243,000 new jobs and reduce unemployment in Angola.

In 2020, the government approved the National Strategy for the Transition from the Informal Economy to the Formal Economy, which presents an agenda for the transition from the informal economy in Angola and is based on a diagnosis of the domestic situation and internal and international recommendations on measures to reduce informality.

The strategy is based on several assumptions:

- Small-scale informality should be differentiated from large-scale informality, as defined below:
 - i) large-scale informality: generally, medium-sized enterprises in the subsectors of retail, transportation, manufacture and, more recently, financial services (such as currency exchange and loans);
 - ii) small-scale informality: micro-enterprises with fewer than five workers, most of which have no physical address or fixed income.
- Large-scale informality – which encompasses the subsectors of retail, crafts and transportation as well as the market for new and second-hand goods of poor quality that are sold to micro-enterprises and low-income families in a highly competitive market that fuels small-scale informality – also deprives the government of significant income.
- Informality is objectively facilitated by the existence of an unusual situation: a substantial proportion of people in employment work in the service sector (45%) and nearly half of individuals in employment (48.3%) work on their own account with or without employees, while only 18.5% work in the private sector.
- There are four main determinants of the expansion of informality:
 - i) the impact of macroeconomic public policy measures on the transition from the informal economy to the formal economy;
 - ii) the impact of transition measures on informal workers as regards education, vocational training, entry into the market, labour rights, taxes, social security, the promotion of gender equality and the protection of vulnerable groups;
 - iii) the impact of transition measures on informal economic units as regards entrepreneurship, gender equality, access to microfinance, taxation and charges, business services, the inclusion of vulnerable groups and technical assistance; and
 - iv) the levels of joint work, governance and social dialogue guiding efforts concerning the transition to the formal economy.

The strategy's main goals are to support economic and social growth, promote decent work and reduce poverty. The strategy is also expected to improve employment indicators, reduce poverty, improve the quality of life of families, improve the business environment and reduce levels of informality

Objectives 1 and 2 of the strategy aim at reducing informality by 2022 and strengthening social dialogue, governance capacities and the effectiveness of public policies on economic transition by 2022.

Three outcomes were established under Objective 1: Outcome 1 – Transition process implemented as a comprehensive programme; Outcome 2 – Improved income and occupational health and hygiene conditions; Outcome 3 – Increased competitiveness and productivity among informal economic units and MSMEs. One outcome was established under Objective 2: Outcome 4 – Transition efforts coordinated by an implementing unit to ensure their effectiveness.

The following outputs were established under Outcome 1:

- 1.1 Comprehensive plan of action for transition (high-impact public initiatives on informal economy transition)
- 1.2 Adaptation of formalization measures (initiatives to reform laws, regulations and administrative processes to promote and greatly increase the registration and licensing of economic units to accelerate the creation of a favourable business environment for micro, small and medium-sized enterprises and make it easier to comply with fiscal, social and labour obligations)

- 1.3 Informal economy observatory (procedures to address informality by generating evidence, data and knowledge to continuously improve the effectiveness of public policies with the regular drafting of evidence-based proposals and reports).
- 1.4 Local services (comprehensive provision of services to support the establishment and authorization of MSMEs and individual entrepreneurs and the regularization of informal market operators).

The Ministry for the Economy and Planning has already presented its strategic plan for transition from the informal economy to the formal economy by 2025, which seeks to foster economic and social growth, promote decent work, reduce poverty and bring 13 million individuals into the labour force.

The document, which has been presented by the national director for population policy (of the Ministry for the Economy and Planning), identifies immediate steps to be taken towards this transition, including the creation of formalization procedures for businesses and enterprises that will provide local services.

Teams providing local support services will be created alongside SIACs, BUEs, citizen one-stop shops, the National Institute for Small and Medium Enterprises (INAPEM), municipal agriculture offices (EDAs) and mobile units as well as other establishments.

The plan also envisages other immediate measures such as actions to restructure street markets, foster mobile money initiatives, improve the availability of microcredit resources as part of the credit support programme (PAC) and develop systems to allow payment via mobile telephone. Another importance measures will be the creation of a database on the informal economy to allow the regular generation of information on economic informality and to inform the development of a suitable taxation scheme for micro-enterprises.

Activities and tasks in the Action Plan on the Transition from the Informal Economy 2020–2022

1. Immediate transition measures

- 1.1 Implement local services supporting the formalization of economic activities
- 1.2 Organize activities concerning street markets and street vendors
- 1.3 Support the development of mobile telephone payment systems.

2. Fiscal and labour measures

- 2.1 Establish a taxation scheme for micro-enterprises
- 2.2 Strengthen the legal framework and mandatory social protection system for independent workers.

3. Measures to foster production among micro-enterprises

- 3.1 Improve the availability of microcredit resources
- 3.2 Develop an integrated logistics system for micro-enterprises.

4. Informal economy observatory

- 4.1 Create an informal economy database
- 4.2 Conduct surveys and produce annual reports on the informal economy
- 4.3. Measure the performance of initiatives in the strategy to formalize the economy.

Source: Government of Angola, 2020. National Strategy for the Transition from the Informal Economy to the Formal Economy.

The strategic plan is being implemented by a group of government ministries led by the Ministry for the Economy and Planning, with the support of the Ministry for Public Administration, Labour and Social Security and the National Commission for the Development of the Traditional Economy.

At the end of the year, the European Union agreed to provide financial support in the amount of € 20 million towards the Informal Economy Conversion Programme (PREI), which will be distributed over the course of three years across different sectors of activity. According to the Ministry for the Economy and Planning, this sum will be used to improve informal trade and transportation; to mitigate the spread of COVID-19 nationwide, with the support of the ministries for land administration, transport, industry and commerce and provincial governments; and to organize the informal transportation and market sectors and protect populations from the spread of COVID-19, since workers in these sectors are most exposed to large crowds without sufficient COVID-19 safety and protective measures.



► Characterizing informal segments, activities and units to support the development of a relevant strategy on migration to the formal sector

As expressed by the ILO and Queiroz and in the National Development Plan 2018–2002, we are convinced that the informal economy needs to be addressed in a specific way, even if this means framing it within the general landscape of economic development.

This requires political will, commitment and the informed development of specific and appropriate structures and mechanisms to integrate and regulate it, as well as an enabling macroeconomic, political, social and legal environment.

This is underpinned by an understanding of formalization as a complex and multidimensional process but also as the result of the convergence of several combined and interrelated effects: economic factors (economic growth and increased employment and wages); demographic factors (changes in internal migration dynamics); the government's assumed role as a promoter of development; the improvement of the legal and normative framework; increased efficiency in the performance of the public institutions that regulate the world of work and the economy; policies aimed at reducing bureaucracy, incentivizing formalization and penalizing informality; and the strengthening of trade unions' bargaining capacities, social dialogue and joint work, among others.

In this regard, it will be important to work towards an economic policy on the informal economy that is based on an overarching and comprehensive understanding of its size, its real economic and social importance and how it could contribute towards Angola's development.

In doing so, it is important to remember that there is no single perfect solution to the diversity of challenges and possible responses in play. Given the size and cross-cutting nature of the informal economy, a gradual and phased approach should be taken in medium and long-term plans.

One way to do so could be to identify, study and select sectors and segments to be formalized in accordance with clear and prioritized criteria. For example:

- 1) segments that generate the most negative effects;
- 2) segments that absorb the largest proportions of the working population and/or those with the smallest numbers of operators;
- 3) segments demonstrating potential and benefits on top of the expected effects of formalization (specifically, those with the potential to expand the taxpayer base and increase budgetary receipts);
- 4) segments that, by their very nature and ways of working, already demonstrate the minimum standards for formalization;
- 5) segments in which organizations representing informal operators are already present.

In addition to the segments identified by the National Development Plan 2018-2022, we believe that other segments of activity should be considered, in particular market trading, passenger transportation (shared taxis and motorcycle taxis) and the provision of services at fixed premises.

► Proposed strategy to involve public and private stakeholders in migration to formality

The available strategies can be divided into two main groups: strategies aimed at suppressing informal activities by increasing the cost of informality, and strategies aimed at reducing the cost of formality or increasing the benefits of formalization.

The first approach arises from the view that the informal sector is a structurally negative influence on growth, while the second approach sees informal enterprises as potentially productive enterprises that have not yet formalized and prospered as a result of high bureaucratic costs and the inefficiency of existing institutions.

Despite the wealth of literature on the informal sector, no consensus has emerged on the most appropriate vision and type of strategy: i) reducing the costs of formality, such as entry costs; or ii) increasing the costs of informality by increasing oversight.

Four types of policy are often implemented: i) increasing oversight of the activities carried out by informal enterprises; ii) increasing oversight of formal enterprises hiring informal workers; iii) reducing the cost of formalization, such as entry costs; and iv) reducing the cost of remaining in the formal market, such as taxes.

The findings show that there are substantial trade-offs between the effects on enterprises and aggregate economic indicators. Comparing the two approaches, policies that seek to increase the costs of formality are less successful in terms of their impact among enterprises, but more successful when considering aggregate indicators. When considered together, policies that seek to suppress informal activities generate better results in terms of welfare.

Although all of the policy instruments examined reduce informality in the economy in at least one way, this is not always accompanied by improvements in welfare. Reducing informality therefore does not necessarily improve welfare in the economy.

On examining specific policy instruments, the findings show the reducing the cost of entering the formal sector and increasing oversight of informal enterprises are the strategies with the greatest impact in terms of welfare.

However, the determinants of this success are completely different. In the first case, welfare gains emerge as a result of the elimination of some of the dead weight generated by barriers to entry into the formal sector, which increases competition, formalization and average wages. Despite a substantial drop in informality among enterprises, the same cannot be said for workers, many of whom continue to operate informally.

In cases where informal enterprises are subjected to an increase in oversight, the welfare gains are almost totally generated from the substantial increase in tax receipts. This increase in receipts occurs as a result of the substantial decline in informality, which more than compensates for the negative effects on enterprises.

The following four mechanisms have generally been used to facilitate the transition towards formality and require connections with private partners: subcontracting, clusters and value chains, the creation of business associations and participation in organizations representing workers.

Experiences gained elsewhere can provide an insight into the potential and limitations of the different kinds of mechanisms.

Subcontracting involves informal enterprises to be subcontracted by, and partner with, larger formal enterprises, granting them access to more advanced technologies and encouraging them to improve their social and environmental performance. One of the problems with this mechanism is that it excludes very small-scale informal workers, as it is rather complicated and often costly for large formal businesses to accurately assess the social and economic performance of small informal businesses.

One alternative is to integrate informal businesses into formal processes, value chains and clusters grounded in better social and environmental practices, which gives small informal operators a voice and allows them to participate in social processes and decision-making at the local level. However, supply chain approaches tend to rely on external funding sources and projects, causing issues of financial sustainability.

The creation of business associations among formal enterprises and informal units provides an opportunity for both segments to share sustainable practices. Participation is voluntary and it can be difficult to attract informal operators.

Organizations of formal workers and employers sometimes allow informal agents to join them or create links with associations of informal operators, which helps to extend coverage of the law to informal enterprises. However, not all informal units are welcome to join formal organizations as they are viewed as unfair competitors.

Other mechanisms that require the implementation of public-private partnerships include creating local committees, strengthening labour inspection, using communications media such as radio and television, and adapting formal training systems to the characteristics and needs of informal enterprises, including an environmental component.

The ILO has extensive experience of developing training tools for the informal economy. These tools have traditionally been focused on the social dimension of work, but an environmental component is gradually being incorporated.

Another pivotal area is labour standards and conditions, as well as ensuring occupational safety requirements through labour inspection. Extending labour inspection to the informal economy to ensure compliance with OSH standards is an effective way to safeguard the environment.

The viability of these mechanisms can be illustrated through a series of examples of their implementation in different parts of the world:

- The ILO/STEP programme in Zambia helped to transform traditional meeting places for informal operators into spaces where end-users can work informally and formal enterprises can find service providers and determine the type, quality and price of their services. (ILO, 2009)
- Other examples of sectors in which smaller informal enterprises acquired new and improved technologies and capacities by becoming subcontractors to larger formal enterprises include the construction and civil engineering industry in Morocco and Senegal, the metal and beverage industries in South Africa, palm oil production in Cameroon and the weaving sector in Ethiopia. (ILO, 2009)
- Some large enterprises are keen to learn about and improve their suppliers' social and environmental practices. Some multinational enterprises such as Philips have adopted policies and codes of conduct on sustainability and require their suppliers to abide by them. Suppliers wishing to become authorized subcontractors must be audited at their own expense, and poorly performing enterprises are penalized and have their contracts terminated.

- The ILO has developed a tool to identify subsectors in a given area that demonstrate high potential for growth and poverty reduction. (ILO, 2007) A participatory approach is used to select these subsectors. Value chains are strengthened through business development services, including the creation of associations and clusters, upskilling, training in enhanced production methods and the organization of discussion forums where problems are addressed and solved. Formal and informal enterprises alike can apply the tool, which has been used in Viet Nam and Sri Lanka (DCED, 2011).
- A significant example of a trade association for informal operators is the Self-Employed Women's Association (SEWA) in India. This association brings together more than 1.3 million informal agents in seven states of India and provides a wide range of services to its members, including information and training (www.sewa.org). SEWA has helped to improve the social and environmental performance of informal operators through strong links with formal institutions. As a member of the International Trade Union Confederation (ITUC), which represents formal workers at the International Labour Organization (ILO), SEWA endorses international labour standards and encourages its members to comply with these standards. One of the ways in which SEWA works to protect the environment and improve labour practices is its work to support refuse collectors. Many refuse collectors in India are women and members of SEWA, which has helped them to organize through the creation of cooperatives, allowing affiliates to improve their income and working conditions. The association has also offered training programmes to help refuse collectors upskill. (ILO, 2019)
- In Ghana, the Trades Union Congress is taking steps to unionize informal employees. Nearly all national trade unions have officials responsible for the informal economy and some have already begun to organize informal workers. (ILO, 2019) In Kenya, informal sector associations can become members of employers' organizations. Other examples can be found in Benin, South Africa, Argentina and Colombia (ibid.).
- Since 1998, informal workers in Senegal have been represented at the Senegal Democratic Workers' Union (UDTS) through an independent federation. The trade union supports the informal economy by providing information and education services and raising awareness of different issues (ibid.).
- In Angola, the Informal Traders' Union (Sindicato dos Trabalhados do Comércio Informal) and the Luanda Domestic Workers' Union (Sindicato das Trabalhadoras Domésticas de Luanda) have been established under the auspices of the National Union of Angolan Workers (UNTA).
- An ILO project in Uganda and Ghana implemented in the early 2000s granted workers at informal businesses an opportunity to be heard by discussing the challenges facing them on the radio and inviting policymakers to call into the radio programme. (ILO, 2009) Advocacy for policy changes can take place in different ways, such as through radio programmes targeting SMEs, business information and advice, and platforms for the discussion of business issues.
- An ILO project carried out in China in 2006 supported the transmission of a television series titled "My future is not a dream" on Sichuan TV with the objective of promoting business creation and development. A telephone hotline was also set up to answer questions from the public on how to set up and improve a business. This initiative was organized in close collaboration with public bodies such as the Ministry of Labour and Social Welfare. Between 1 million and 1.1 million people watched the programme. (ILO, 2006)
- In 2008, the ILO conducted a field study in Tanzania that concluded that, in order to improve the skills of informal agents, informal learning should be complemented by training, especially concerning theory, new technologies and essential skills (ibid.). These skills should also include environmentally friendly practices and technologies. The study revealed that the capacity of potential beneficiaries to pay for the courses was limited, meaning that financial resources needed to be mobilized by public institutions to pay for this complementary training.

The guidance from Angolan authorities that underpins the National Strategy for the Transition from the Informal Economy to the Formal Economy and its implementation plan emphasizes the use of several mechanisms: studies on, and the registration of, informal operators; reduced formalization costs and procedures; programmes to promote access to credit; bank usage, especially through the introduction of a telephone payment system; and taxation and oversight.



► Guidance for initiatives to attract micro and small informal enterprises

According to employers' associations, the activities that require focused attention are retail, food service, transportation, accommodation and hospitality.

After listening to employers' associations, we have created a series of recommendations that should be taken into account in efforts to encourage micro and small enterprises to formalize:

- Reduce bureaucracy in the business start-up and authorization process;
- Reduce the tax burden on formal enterprises;
- Develop a special tax scheme for MSMEs; and
- Make it easier to access credit.

Employers' associations can do the following to support this process:

- Collect and disseminate information;
- Mobilize their members;
- Create networks with other interested parties;
- Provide legal, technical and financial support; and
- Provide training to informal workers who wish to transition to the formal economy.



► Plan of action for the CCIA

The CCIA's action plan should cover all provinces and priority municipalities in Luanda should be selected.

The following integrated activities should be carried out:

1. Create an incubator to support migration to the formal economy
2. Mobilize at least two employers' associations (including the FMEA) to become partners in the process of migrating informal units to the formal economy
3. Hold extensive consultations with members of the CCIA and partner associations to identify the sectors/segments activity to prioritize in formalization efforts
4. Make contact with organizations representing informal operators to gain their support to identify and raise awareness among informal businesses and units with the potential to formalize
5. Negotiate with informal operators/business owners to encourage them to join the migration process in line with the following actions:
 - 5.1. Carry out communication and awareness-raising campaigns about the advantages of formalization and joining the CCIA and partner employers' associations
 - 5.2. Waive membership fees and other charges for CCIA and partner employers' associations
 - 5.3. Provide administrative support during the formalization process
 - 5.4. Provide training in business management, accounting, oversight and social and environmental responsibility
 - 5.5. Allow informal operators/enterprises working towards formalization to access the formalization incubator resources for one year;
6. Seek the support of the Ministry for the Economy and Planning regarding the measures envisaged in the national plan to formalize informal activities, in particular in relation to the initiatives described in points 4, 5.1 and 5.3
7. Request international organizations, especially the ILO, to help furnish, equip and set up the formalization incubator and provide technical and financial support to implement the training activities envisaged in 5.4.

► Conclusions, lessons learned and recommendations

The following conclusions can be drawn from the data collected:

- (1) National and international indicators clearly demonstrate that Angola has a large informal economy. They also grant an insight into the percentage of the population making a living in the informal economy and its relative importance in terms of Angola's income-generation capacity.
- (2) Informality is present in a wide range of different sectors and segments of activity.
- (3) Informality is particularly prevalent in certain sectors and segments such as agriculture, wholesale and retail trade, passenger transportation and the provision of services.
- (4) Informality is highly prevalent in currency trading and is closely connected to illegal activity.
- (5) For a huge number of individuals, including many young people and women, the informal sector acts as a safety net in the absence of social protection and in the context of growing unemployment and continuously declining purchase power.
- (6) The informal sector has established relationships involving both competition and mutual benefit with the formal sector. Representatives of institutions and employers' associations believe that certain segments generate considerable fiscal losses for the public purse given the financial amounts involved, and that unfair competition and the negative effects of informality are detrimental to the micro, small and medium-sized enterprises in their membership.
- (7) The informal sector generates low levels of productivity and creates downward pressure on productivity in the economy, which limits economic growth.
- (8) The COVID-19 pandemic has affected the entire business landscape, but especially operators in the informal economy, who have been most affected by the measures implemented during the state of emergency and the state of crisis that were declared to stop the spread of the virus among the population.
- (9) The Angolan government has developed a strategy and implementation plan on the transition towards formality that contain measures aimed at studying, registering and organizing informal activities as well as tax and labour measures and initiatives to promote micro-enterprises. The government has also updated the Informal Economy Conversion Programme (PREI).
- (10) The government's initiatives may be complemented by initiatives promoted by social partners, including interested parties such as employers' associations.
- (11) Experiences of other countries have demonstrated the importance of forming partnerships among employers' associations, organizations representing informal operators and the ILO when designing plans to encourage micro and small enterprises to formalize.
- (12) It is important to take a balanced, targeted and ordered approach to the development and implementation of a plan on transition from the informal sector to the formal sector to ensure that it is effective and serves the interests of employers' associations.

The following recommendations can be drawn from these conclusions:

- (i) Inform and mobilize employers' associations and their members to allow them to identify the key aspects and positive elements of their interactions with informal economic units.
- (ii) Disseminate and discuss government initiatives on formalization.
- (iii) Improve communication and cooperation processes among and within employers' associations to support the collection of key data to underpin the preparation of a plan with these characteristics.
- (iv) Promote closer collaboration among government initiatives and those developed by social partners and civil society organizations in order to benefit from the synergies resulting from these experiences.
- (v) The ILO's scientific, technical and financial support should be harnessed to support the design and implementation of a plan to encourage micro and small informal units to formalize.



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Population Welfare Survey 2008-2009

Expenses and Income Survey 2018-2019

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HDI Human Development Index (2019)

MICS Multiple Indicator Cluster Surveys (2015–2016)

MDGs Millennium Development Goals (2018)

National Development Plan 2013–2017

National Development Plan 2018–2022

DWCP (Decent Work Country Programme) 2013–2017

DWCP (Decent Work Country Programme) 2019–2022

UNDAF United Nations Development Assistance Framework (2020–2022)



Interviews with institutions

1– Background details

- ▶ Type of interview (in-person/online/email)
- ▶ Date
- ▶ Start/end of interview
- ▶ Institution/Informant/Informant's role

2– Views on informality in Angola

- ▶ What is your view on the level of informality in the Angolan economy?
- ▶ How would you describe its size, economic and social effects and impact on the activity of formal enterprises?
- ▶ In which sectors and segments of activity is the presence of informal units and operators most visible?
- ▶ In which sectors and segments does the presence of informal units and operates generate more negative effects?
- ▶ In which sectors and segments does the presence of informal units and operates generate more positive effects?
- ▶ Do you think that informality has increased, decreased or remained the same since 2014?
- ▶ Do you think that informality has increased, decreased or remained the same in the light of the COVID-19 pandemic?

3– Views on formalization initiatives

- ▶ What are your views on the formalization initiatives that have been implemented?
- ▶ Which do you think have had the most relevant and positive impact?
- ▶ Which do you believe have failed?
- ▶ Has your institution taken part in, worked on or given your views on the development of the recently approved National Formalization Strategy?
 - ☐ Bank usage
 - ☐ Taxes
 - ☐ Specific studies
 - ☐ Forced registration
 - ☐ Entrepreneurship programmes
 - ☐ Microfinancing programmes
 - ☐ Safety initiatives
 - ☐ Others (please specify):

4– Ideas/suggestions

- In your opinion, which sectors or segments of activity should be prioritized with targeted efforts or resources to help them to formalize?
- In your opinion, which criteria should be used to select the sectors or segments be formalized?
 - ☐ Number of informal operators/units
 - ☐ Usefulness to society
 - ☐ Potential for tax receipts
 - ☐ Previous formalization initiatives
 - ☐ Negative effects generated
 - ☐ Others (please specify):
- Please share any initiatives or experiences that you are aware of and which could be used as lessons learned.

Discussion group with employers' associations

1– Details of employers' association

- Name
- Number of members
- Member category in terms of size (micro, small or medium-sized enterprises)
- Members' main segments of activity
- Members' area of operation (e.g. Luanda or provinces)

2– Views on relationships with informal units

- Which of your members' segments of activity have been most exposed to competition from informal units?
- To what extent and in what ways has this competition manifested itself?
- Which informal segments should be controlled or suppressed owing to the negative effects that they generate?
- What mutually beneficial relationships (e.g. supplier relationships, customer relationships) have been established in these segments between your members and informal units?
- What impact (positive, neutral or negative) has this competition had on your members' performance, profitability and sustainability?
- What impact (positive, neutral or negative) have these mutually beneficial relationships had on your members' performance, profitability and sustainability?
- Have competition and/or relationships with informal units increased, decreased or remained the same during the COVID-19 pandemic?

3– Views on transition from informality to formality

- In your opinion, how likely is it that informal units will be encouraged to formalize?
- What strategies should be used to achieve this goal?
- Which segments have the most potential for formalization or would find it easiest to formalize?
- What do you think about the development of a training tool for the formalization for informal actors?
- What role could employers' associations play in this process? (e.g. collecting and disseminating information, mobilizing members, establishing networks with other interested parties, providing legal/technical/financial support etc.)
- How would these initiatives fit into the National Formalization Strategy?

Questionnaire for formal and informal economic units

Date:

Municipality/commune/neighbourhood:

1- Size (please select one response only)

- ☐ Micro enterprise
- ☐ Small enterprise
- ☐ Medium-sized enterprise

2- Sector/segment of activity (please select one response only)

- ☐ Agriculture, animal husbandry, hunting, forestry and fishing
- ☐ Extractive industries
- ☐ Manufacture
- ☐ Electricity, gas, steam, hot and cold water and air conditioning
- ☐ Water collection, treatment and supply; sanitation, public hygiene and similar
- ☐ Construction
- ☐ Wholesale and retail trade (including informal markets); vehicle and motorcycle repair
- ☐ Transportation and warehousing
- ☐ Accommodation and food service (restaurants and similar)
- ☐ Information and communication
- ☐ Real estate
- ☐ Consultancy, science, technology and similar
- ☐ Administration and support services
- ☐ Education
- ☐ Human health and social welfare
- ☐ Arts, entertainment, sport and recreation
- ☐ Other services

3- Activity (please select one response only)

- ☐ Warehouse
- ☐ Shop
- ☐ Training centre
- ☐ Photographers/print shop
- ☐ Offices/vehicle repair
- ☐ Other services (plumbing, electrics, electronics etc.)
- ☐ Bakery/patisserie
- ☐ Restaurant/cafe/bar
- ☐ Beauty salon

4– Area of operation (please select one response only)

Provinces (please specify):

- ☐ Bengo
- ☐ Benguela
- ☐ Bié
- ☐ Cabinda
- ☐ Cuando Cubango
- ☐ Cunene
- ☐ Huambo
- ☐ Huíla
- ☐ Cuanza Norte
- ☐ Cuanza Sul
- ☐ Luanda
- ☐ Lunda Norte
- ☐ Lunda Sul
- ☐ Malanje
- ☐ Moxico
- ☐ Namibe
- ☐ Uíge
- ☐ Zaire

5– Length of time in operation (please select one option only)

- ☐ Less than 1 year
- ☐ 1 to 3 years
- ☐ 4 to 6 years
- ☐ 7 to 9 years
- ☐ 10 years or more

6– Legal status (please select one option only)

- ☐ Formal
- ☐ Semi-formal
- ☐ Informal

7– Average number of workers (please provide a response for each situation)

- ☐ In normal times
- ☐ Last year
- ☐ After the state of emergency was declared

8- Number of working hours per day (please provide a response for each situation)

- ☐ In normal times
- ☐ Last year
- ☐ After the state of emergency was declared

9- Volume of business or annual/monthly income (please provide a response for each situation)

- ☐ In normal times
- ☐ Last year
- ☐ After the state of emergency was declared

10- Business continuity (please select one response only)

- ☐ Continued to operate in the same way as before the pandemic
- ☐ Continued to operate but only partially
- ☐ Temporarily closed
- ☐ Permanently closed

11- Debts (please select one response only)

- ☐ Increased greatly
- ☐ Increased slightly
- ☐ No change
- ☐ Reduced slightly
- ☐ Reduced greatly

12- Receivables (please select one response only)

- ☐ Increased greatly
- ☐ Increased slightly
- ☐ No change
- ☐ Reduced slightly
- ☐ Reduced greatly

13- Problems faced (select one or more options)

- ☐ Fewer working/business days than usual
- ☐ Fewer orders than usual
- ☐ Fewer customers than usual
- ☐ Difficulty in paying suppliers
- ☐ Difficulty in paying loan payments
- ☐ Difficulty in paying government-mandated payments
- ☐ Wage arrears
- ☐ Dismissals
- ☐ Others (please specify):

Survey for market workers

NAME OF MARKET:

DATE:

1. SOCIODEMOGRAPHIC PROFILE OF TRADERS

1.1 PERSONAL DETAILS

- a. Sex
- b. Age
- c. Province of origin

1.2 HOW MANY CHILDREN DO YOU HAVE?

- a. 0
- b. 1
- c. 2
- d. 3
- e. 4
- f. 5
- g. 6
- h. 7
- i. 8
- j. More than 8

1.3 HOW MANY PEOPLE DO YOU LIVE WITH?

- a. 0
- b. 1
- c. 2
- d. 3
- e. 4
- f. 5
- g. 6
- h. More than 6

1.4 DO YOU LIVE WITH A PARTNER?

- a. With a partner
- b. Without a partner

1.5 WHAT IS YOUR LIVING SITUATION?

- a. I live in my own home (building)
- b. I live in a home provided by the government
- c. I live in a rented home
- d. I live in a relative's home

2. LEVEL OF EDUCATION

2.1 WHAT IS YOUR LEVEL OF EDUCATION?

- a. I cannot read or write
- b. I can read and write
- c. Completed primary education
- d. Completed secondary education
- e. Completed higher education
- f. Vocational training

3. ACCESS TO PUBLIC SERVICES

3.1 HOW DO YOU ACCESS DRINKING WATER? (Select one or more answers)

- a. Plumbed water access
- b. Neighbourhood plumbed water access
- c. Communal water tap
- d. Water tank
- e. River
- f. I do not have access to water

3.2 HOW DO YOU ACCESS ELECTRICITY? (select one or more options)

- a. Through the national electrical grid
- b. Generator
- c. Neighbourhood electricity supply
- d. Solar power
- f. I do not have access to electricity

3.3 DO YOU HAVE ACCESS TO PUBLIC HEALTH SERVICES

- a. Yes
- b. No
- c. Yes, but it is unreliable

3.4 HAVE YOU RECEIVED SOCIAL SUPPORT FROM THE GOVERNMENT?

- a. Yes
- b. No
- c. Occasionally
- d. Never

4. TYPE OF WORK, WHEN STARTED, EXPENDITURE AND INCOME

4.1 TYPE OF WORK

- a. Sale of agricultural products
- b. Sale of processed food products
- c. Sale of second-hand clothing
- d. Sale of household goods
- e. Electric/electronic appliance repair
- f. Goods transportation (*roboteiros*)
- g. Passenger transportation (*kupapatas*)
- h. Currency exchange (*kinguilas/doleiros*)

4.2 HOW OLD WERE YOU WHEN YOU STARTED DOING THIS TYPE OF WORK?

- a. Under 18 years of age
- b. 18 to 25 years of age
- c. 26 to 33 years of age
- d. 34 to 41 years of age
- e. 42 to 49 years of age
- f. 50 years or age or older

4.3 HOW LONG HAVE YOU DONE THIS TYPE OF WORK?

- a. Less than 1 year
- b. 1 to 4 years
- c. 5 to 8 years
- d. 9 to 13 years
- f. 14 years or more

4.4 WHAT IS YOUR AVERAGE INCOME?

- a. Daily
- b. Weekly
- c. Monthly

4.5 DO YOU PAY ANY DAILY CHARGES TO WORK IN THE MARKET?

- a. 100 Angolan kwanza
- b. 150 Angolan kwanza
- c. 200 Angolan kwanza
- d. 250 Angolan kwanza
- e. 300 Angolan kwanza
- f. 350 Angolan kwanza
- g. 400 Angolan kwanza
- h. Other amount

4.6 ASIDE FROM THE CHARGE PAID FOR YOUR TRADING SITE, DO YOU PAY ANY OTHER CHARGES?

- a. No
- b. I pay towards the market's cleaning costs
- c. I pay towards the security costs
- d. Other

4.7 WHAT DO YOU DO WITH THE PROFITS FROM YOUR BUSINESS? (select one or more options)

- a. It goes towards housekeeping and my children's education
- b. I support my family
- c. It's only enough to survive on
- d. I reinvest it in other business
- e. Other (please specify):

4.8 WHAT LED YOU TO JOIN THE INFORMAL MARKET? (Select one or more answers)

- a. Lack of employment and other opportunities
- b. Life circumstances
- c. I enjoy this work
- d. I had no other options
- e. Other

5. IMPACT OF COVID-19 ON WORK, INCOME AND LIVING CONDITIONS

5.1 DID THE COVID-19 PANDEMIC AFFECT YOUR WORK?

- a. Greatly
- b. Considerably
- c. Somewhat
- d. Hardly

5.2 HOW WAS YOUR WORK AFFECTED? (select one or more options)

- a. Work stopped completely
- b. Fewer working days
- c. Less working time in the day
- d. Fewer customers
- e. Customers made fewer purchases
- f. Higher prices of traded products
- g. Higher travel costs
- h. Other (please specify):

5.3 WHAT IMPACT HAS COVID-19 HAD ON YOUR INCOME FROM WORK?

- a. Increased greatly
- b. Increased slightly
- c. No change
- d. Reduced slightly

5.4 WHAT IMPACT HAS COVID-19 HAD ON YOUR FAMILY'S LIVING CONDITIONS?
(select one or more options)

- a. None
- b. Needed to resort to family support
- c. Needed to resort to loans (kilapi)
- d. Reduced non-essential expenditure
- e. Reduced spending on health
- f. Reduced spending on food
- g. Other (please specify):

5.5 SUPPORT RECEIVED DURING THE PANDEMIC

- a. Received support
- b. Did not receive support

5.6 ORGANIZATION PROVIDING SUPPORT (Select one or more answers)

- a. Government
- b. NGO
- c. Organization or association of workers
- d. Other:

5.7 TYPE OF SUPPORT RECEIVED (Select one or more answers)

- a. Hygiene support measures
- b. Cash transfers (Kwenda programme)
- c. Credit
- d. Food supplies
- e. Clothing
- f. Medicine
- g. Other

Questionnaire Implementation Plan

Establishments with fixed premises in the three neighbourhoods (54)

Warehouse (2+2+2)

Shop (2+2+2)

Training centre (2+2+2)

Photographers/print shop (2+2+2)

Offices/vehicle repair (2+2+2)

Other services (plumbing, electrics, electronics etc.) (2+2+2)

Bakery/patisserie (2+2+2)

Restaurant/cafe/bar (2+2+2)

Beauty salon (2+2+2)

Operators in the two markets (Kifica and Golf) (48)

Sale of agricultural products (3+3)

Sale of processed food products (3+3)

Sale of second-hand clothing (3+3)

Sale of household goods (3+3)

Electric/electronic appliance repair (3+3)

Goods transportation (roboteiros) (3+3)

Passenger transportation (kupapatas) (3+3)

Currency exchange (kinguilas/doleiros) (3+3)

Note: evidence to be provided

Dated photographs of markets and neighbourhoods: one for each type of establishment/activity

List of stakeholders

AIA	Angolan Association for Industry
ASSOMEL	Association of Women Entrepreneurs in Luanda
BNA	National Bank of Angola
CCIA	Angolan Chamber of Commerce and Industry
CEIC	Centre for Scientific Research and Studies, UCAN
CGSILA	Angolan Association of Independent and Free Trade Unions
DNCRT	Department for Labour Conditions and Remuneration
DNEFP	Department for Employment and Vocational Training
IMF	International Monetary Fund
FMEA	Angolan Federation of Women Entrepreneurs
UNFPA	United Nations Population Fund
FSA	Angola Força Sindical
IGT	General Labour Inspectorate
INE	National Institute for Statistics
INEFOP	National Institute for Employment and Vocational Training
INSS	National Social Security Institute
MAPTSS	Ministry for Public Administration, Labour and Social Security
MINAGRIF	Ministry for Agriculture and Forestry
MINPESMAR	Ministry for Fishing and Maritime Affairs
MINEA	Ministry for Energy and Water
MASFAMU	Ministry for Social Action, Families and Women
MEP	Ministry for the Economy and Planning
MINCO	Ministry of Trade
MIND	Ministry of Industry
MINTUR	Ministry of Tourism
MINFIN	Ministry of Finance
MED	Ministry of Education
MINSA	Ministry of Health
MINCOP	Ministry for Construction and Public Works
OOE	Other organizations of employers
IOM	International Organization for Migration
ILO	International Labour Organization
ONEFP	National Observatory for Employment and Vocational Training
WHO	World Health Organization
OREI	Organizations representing the informal economy
WO	Workers' organizations
UNDP	United Nations Development Programme
UAN	Universidade Agostinho Neto [Agostinho Neto University]
UCAN	Universidade Católica de Angola [Catholic University of Angola]
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNTA-CS	National Union of Angolan Workers - Trade Union Confederation

ilo.org

International Labour Office (ILO)
Route des Morillons 4
1211 Geneva 22
Switzerland

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